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FBIS-LAT-90-054 *20 March 1990*

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Canada To Undertake Regional Drug Initiatives

FL1903193390 Bridgetown CANA in English 1838 GMT 19 Mar 90

[Text] Bridgetown, Barbados, March 19, CANA - Canada says it will undertake a number of initiatives in cooperation with Caribbean countries in fighting the drug trade in the region.

"Canadians are extremely concerned about the terrible toll taken by illegal drugs and we, as a responsible nation, are constantly looking for ways to enhance our international anti-drug trade efforts," Prime Minister Brian Mulroney told Caribbean leaders on Monday [19 March].

In co-operation with the United Nations Fund for Drug Abuse Control (UNFDAC), Canada and Caribbean countries are embarking on three specific anti-drug trade projects. Mulroney said Canada will support Trinidad and Tobago's national plan to combat the abuse and trafficking sides of drugs

He said Canada, in association with UNFDAC, will host a two week workshop for senior Caribbean and Latin American drug enforcement officials next summer. The North American nation will also assist with a regional police telecommunications system and a regional laboratory system.

He said in response to requests from individual countries, and in keeping with the 1990 global programme of action against drugs, adopted by the UN, Canada will be providing legal expertise to review, "and if necessary to revise legislation to conform to the 1988 convention against illicit traffic in narcotic drugs and psychotropic substances."

He said last week Canada signed mutual legal assistance treaties with Barbados and Mexico, eliminating barriers to prompt and effective enactment of law enforcement measures.

"We would welcome concluding agreements with other countries of the region," he said.

Canada Issues Moratorium on Debt Repayment

FL1903171290 Bridgetown CANA in English 1610 GMT 19 Mar 90

[Report by Mark Lee]

[Text] Bridgetown, Barbados, March 19, CANA—Canada announced on Monday [19 March] that it will forgive CAN 182 million dollars in outstanding development assistance debt to 11 Caribbean Community [Caricom] countries which immediately welcomed the move.

"A moratorium on all repayments of this debt will be effective immediately, until the necessary legislation is in place in Ottawa," Canadian Prime Minister Brian Mulroney announced at the opening of two days of talks with leaders from the region.

Jamaica's Prime Minister Michael Manley described the announcement as "magnificent."

"It is a magnificent gesture in itself and a tremendous signal to the international community and to other developed countries," Manley whose country owes 93 million dollars of the total debt told CANA [CARIBBEAN NEWS AGENCY]. "It is an act of extraordinary and exemplary statesmanship."

The Caricom secretariat's director of economics and development, Byron Blake described the decision as a very important signal.

"It is not only an important decision for Canada but we hope that that will say to other developed countries that that is the direction in which they should go.

"That perhaps leaves one major area to be tackled: The debt to the multi-lateral institutions.... (It is) for the multilateral institutions now to follow suit," Blake told CANA.

Collectively, the countries of Caricom have a foreign debt of about U.S. 10 billion dollars, 4.5 billion of which is owed by Jamaica, about 2 billion each by Guyana and Trinidad and Tobago and Barbados 600 million dollars.

"The international debt crisis continues, in spite of serious and imaginative efforts on the part of both creditor and debtor countries," Mulroney told leaders and high officials at the historic Sam Lord's Castle on the island's south coast.

"The Brady plan is a step in the right direction.... Nevertheless, we recognise that the benefits under the Brady Plan are likely to be limited for most countries in this region, which face heavy debt burdens owed to official creditors," he added.

The plan by United States Treasury Secretary Nicholas Brady proposes rescheduling of the debt owed to commercial creditors. A background statement on the Canadian Debt Forgiveness Programme noted that the development assistance loans in question were provided on highly concessional terms—at interest free over 50 years to repay. The real value of such loans, when repaid, would be about three to 10 per cent of their face value.

"Consequently, while development assistance debt forgiveness can provide significant contribution to reducing the stock of debt of the developing country in question, the actual costs to the government of Canada are minimal," the statement said.

In other responses to the Canadian announcement, Trinidad and Tobago Central Bank Governor William Demas said: "Canada had greatly assisted Caribbean economies particularly in bringing some balance to the transfer of resources."

Antigua's Trade Minister Hugh Marshall described the move simply as "belated."

Under the initiative Barbados will be relieved of 23.4 million dollars in debt, Belize 10.8 million, Guyana 37.2 million, Jamaica 93.4 million, Trinidad and Tobago 7.2 million, Antigua and Barbuda 5.2 million, Dominica 1.7 million, Grenada 744,000 dollars, Montserrat 632,000, St. Lucia 453,000 and St. Vincent and the Grenadines 996,000 dollars.

Mulroney also assured the leaders from 13 Caricom nations plus the colonies of Anguilla, the British Virgin Islands and the Turks and Caicos Islands that Canada's economic response to events in Eastern Europe has not and will not be at the expense of the developing world including the Caribbean.

Banana-Exporting Countries Enter Into Agreement

FL1903182790 Bridgetown CANA in English 2331 GMT 17 Mar 90

[Text] Bridgetown, Barbados, March 17, CANA—Following is the text of the agreement entered into between the Dominican Republic and the other Caribbean banana exporting countries, including Suriname.

"The Dominican Republic will not export directly or indirectly and will not supply for sale directly or indirectly bananas on the United Kingdom market.

"The Dominican Republic will give support to the Caribbean ACP [Africa, Caribbean, Pacific] states in their efforts to secure European Community and commission rulings which shall give effect to the undertaking (reached);

"Notwithstanding the above, the traditional banana exporters (of the Caribbean) will not object to any Dominican Republic's application to be suppliers of part of the 30,000 tons quota reserved by the UK for non-ACP suppliers, provided the twenty percent tariff is applicable.

"This agreement places no restriction on the activity of the Dominican Republic on the European market other than the market of the United Kingdom."

Antigua Team Named for Caricom, Canada Talks

FL1503172390 Bridgetown CANA in English 1451 GMT 15 Mar 90

[Text] St. John's, Antigua, March 15, CANA—Deputy Prime Minister Lester Bird will lead Antigua and Barbuda's delegation to a March 18-20 summit meeting in Barbados between Caribbean Community (Caricom) leaders and Canadian Prime Minister Brian Mulroney, the Ministry of Foreign Affairs said. The Antigua team will also include senior officials from the Ministry of Foreign Affairs and the country's high commissioner to Canada, Conrad Richards.

The conference is expected to cover important political, economic, and bilateral issues including the operation of the Canadian Government one-way free trade programme for the region—Caribcan [Canadian version of Caribbean Basin Initiative], the Canadian seasonal farm workers' programme, and the political situation in Haiti and Nicaragua.

Discussions are also expected to touch on East/West relations in the 1990's, the situation in South Africa, an international drug control strategy, and the environment.

Caricom leaders "are expected to use the opportunity to hold an informal heads of government conference and discuss certain issues of importance to the regional institution" before the formal annual Caricom summit in July, the Foreign Ministry said.

The last meeting between Caricom leaders and the prime minister of Canada took place in 1985 in Jamaica.

Cuba

Castro: Attack Would Cost 250,000 U.S. Lives

FL1903130390 Havana Radio Rebelde Network in Spanish 1118 GMT 19 Mar 90

[Report by PRENSA LATINA reporter Jose dos Santos on the "Haciendo Radio" program from Sao Paulo, Brazil]

[Text] Cuban President Fidel Castro today warned the United States that in attacking Cuba, it would lose 250,000 men. In assessing his country's situation, the Cuban leader stressed that in Cuba, socialism and independence are extensively linked. The United States knows it will lose 250,000 men if it attacks Cuba, he said to a large representation of leaders from about 10 Brazilian organizations and political groups.

Fidel Castro said that we cannot give in to the Yankees in exchange for our lives and he added that the Cubans would rather cease to exist than become their slaves. He admitted that socialism is currently experiencing its greatest crisis of the last 80 years. The Cuban leader said we have friends who have told us the United States considers socialism to have been eliminated, even though they have not said so. This political tactic has not been publicly expressed, although some politicians admit it, he said. According to the Cuban leader, Washington thinks socialism has disappeared, which is reflected in its triumphalist euphoria and its conviction that Cuba must cease to exist. The United States bases its opinions on the current problems in East Europe and the USSR, which are different, Castro said, and they think that based on this situation Cuba has an unsolvable problem. Cuba is the only enemy they have left; I never thought we would be given such an honor, Fidel said. He added that in Miami, some people have packed their bags and are sending us their sympathies. Now we are threatened economically and politically and the United States has not dismissed the possibility of military action, and is even establishing a television station against Cuba.

We are preparing ourselves under the principle of the war of all the people, even during peacetime. He said that the people will not view an attack against Cuba with indifference and he said that we must be more alert than ever and follow the course of events.

Among other ideas, Fidel stressed that Cuba will work on perfecting socialism, not of [words indistinct] the party. Disarming oneself is suicide and retreat is not the road to victory. Socialism is the regime of the future, he said, and although errors have been committed, we are aware of its virtues, such as planning for development.

Approximately 200 representatives from Brazilian political organizations participated in the over two-hour dialogue in the (Aiyanvi) convention complex.

The Cuban people have power because they have weapons, Fidel said before explaining that direct elections would distract us from our problem with our principal enemy.

Fidel also discussed the extraordinary success of Cuban public health, an area in which we advance toward a more prominent role in the world. As an example of this, he noted that in Washington, the infant mortality rate is three times higher than in Cuba. In education, Fidel said that his country has a higher attendance rate than the United States with a 1.28-percent [as heard] rate of schooling at the primary level, 330,000 teachers and professors, and 300,000 university students.

Castro Cites Strategy Against United States

FL1903150890 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Mar 90

[Text] Cuba's strategy is to resist and struggle in the face of the United States, Cuban President Fidel Castro said in Sao Paulo, Brazil, to over 300 Brazilian intellectuals.

In a meeting last night at the Anhembi Convention Palace in Sao Paulo, the Cuban leader said the United States invades small nations, but things change for that country when they begin to receive the bodies that can spark popular protests.

In Sao Paulo's Anhembi palace, Fidel granted a news conference in which he strongly criticized the liberal and bourgeois ideas that currently prevail, which he said have resolved nothing in the Third World. In 200 years that ideology has resolved nothing in Latin America, Cuba's top leader said, adding: They are taking more from us now than they did in four centuries. He said that in view of this ideology, socialism must substitue egoism and the ferocity of capitalism. Socialist ideas will be the concepts of tomorrow, he added, although they may appear to be undergoing a crisis now.

When asked about the recent presidential inauguration in Chile, Fidel said that the presence of a Cuban delegation at that ceremony did not depend on us, but rather on the old and new Chilean authorities. He said that the decision to reestablish relations with Cuba is the right of the Chilean people, who should consider internal and external situations such as the fact that the United States does not want Latin American countries to renew ties with Cuba. He said that while in Brasilia, he spoke briefly and cordially with Chilean President Patricio Aylwin and said that he was impressed by him.

Responding to a question on Poland's Solidarity movement and its leader, Lech Walesa, he said: To tell the truth, I feel no sympathy for that person who meets with Cuban counterrevolutionaries, proclaims himself an enemy of the Cuban revolution, and receives direct support from the United States. He said that this movement arose because of errors in socialism and that Walesa represents IMF policies in Poland and supports

U.S. advisors who are in his country for the transition from socialism to capitalism.

Castro's Activities in Sao Paulo Detailed

FL1903233890 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Mar 90

[Text] Cuban President Fidel Castro, who yesterday had another day of intense activities in Brazil, warned the United States that Washington would lose 250,000 soldiers if our country was attacked. Speaking to a large group of representatives from some 10 Brazilian political organizations and parties, Fidel confirmed that Cubans would rather die than become Yankee subjects. He also said countries would not look at an attack on Cuba with indifference and stressed that we need to be more alert than ever and continue watching events. Cuban television correspondents have more details. [video shows aerial view of city and caption says: Fidel in Brazil]

[Begin recording] [Reporter] Fidel Castro Ruz, president of the Cuban Councils of State and Ministers, has been extremely busy in Sao Paulo since he arrived in this important Brazilian state, a financial and economic center, as a special guest of Governor Orestes Quercia. One meeting has followed the other. They have been held with the most varied sectors of social, political, economic, and cultural life, first in Brasilia and now in Sao Paulo.

Songs of joy awaited the chief of the Cuban revolution when he arrived in the last few hours at a meeting with a large religious group estimated at over 1,000. [singing is heard]

[Castro] I was saying, responding to I don't know how many questions of all kinds posed to me in these days.... [Castro changes thought] Perhaps you have been able to listen to some of the answers. Questions were asked about Cuba based on a terrible ignorance about Cuba. Because the mass media manipulates even what we think, what we know is exported and inculcated. The monopoly of the mass media fills our heads with lies and disinformation. One is surprised by the ignorance of one another among our peoples and the enormous ignorance there is about Cuba.

I was responding in a few words to the question, what has socialism meant in our county? It simply has solved in 30 years problems that Latin America has not been able to solve in 200 years. [video shows audience singing "Guantanamera" and photographers taking pictures of Castro]

[Reporter] The most important Brazilian media have reflected Castro's visits. It should be said that television has had the most extensive coverage. The main television network, O Globo, with some 80 million viewers, carried a dynamic interview. Asked about the current value of communism, Castro answered:

[Castro] It would not be the most appropriate thing to speak of communism inasmuch as communism is considered a later stage. It would be more appropriate to speak of socialism. I am deeply convinced and have the certainty, based on 30 years of work in our country, that what has been done in our country... [rephrases] that for Cuba, there is no better solution or better path than the path we have followed, the path of socialism. Each country through its own experiences will decide whether socialism will or will not be the system of the future of humankind.

[Reporter] The Brazilian Television System, second network in the country with 50 stations, promised Fidel Castro a different interview from the others. The questions referred to current events regarding the presence of the Cuban head of state at the inauguration of new Brazilian President Fernando Collor and relations in Cuba between young people and students and the government.

[Castro] I have been visiting, attending the inauguration ceremonies of several governments. In some cases, the conservative government lost the elections. This was the case in Ecuador. Later came Mexico, where a nonconservative government but ruling party continues in power with a left-wing opposition. I visited that country. I attended the inauguration ceremony in Venezuela where there was no change in parties. Here, in spite of the electoral result, our country received the invitation to send a high-level delegation and we have sent a high-level delegation, appart from the ideological differences. There are very important matters.

In general, our relations with Latin America are very important. It would be absurd if we became isolated from Latin America for ideological reasons, especially when we consider that we have many problems in common.

[Reporter] The richness and variety of the dialogues are very broad to the point that someone compared the eloquence of the answers with the large Amazon River that enriches the territory of several countries of the region.

[Brazilian reporter; in Portuguese with simultaneous Spanish translation] President Fidel Castro received over 70 invitations to participate in interviews and talks with authorities and political parties. We begin by thanking you for the opportunity to hold this interview and share these moments with us. President, Bahia Province is very similar to Cuba; Salvador City is similar to Havana. Are you thinking about visiting Bahia?

[Castro] I just said I have about 70 invitations. If I were to visit all the places to which I have been invited I would have to move to Brazil. I would love to visit Bahia but it will have to be on another occasion. If not, I am going to be expelled from Brazil.

[Brazilian reporter] No.

[Castro] The government is going to say, what is Castro doing here? We have a lot of problems to solve and need to work. I am probably going to visit two places, two states, because I have old commitments. I will then return to Cuba because I have to work. [end recording]

Aldana on National Position Regarding TV Marti

FL1903162890 Havana Tele Rebelde Network in Spanish 1340 GMT 19 Mar 90

[Interview with Carlos Aldana, secretary of the Central Committee of the Communist Party of Cuba and chief of the Revolutionary Orientation Department, by unidentified reporter; date and place not given—recorded]

[Text] [Reporter] According to reports, the initiation of the anti-Cuban television station is imminent. Cuba has said several times it is ready for a response. Are we now ready for that response?

[Aldana] Yes, we are. The difficult thing to know is if they themselves are truly ready to begin this aggression. They have announced it so many times that it is difficult to take them seriously. This is a project that has taken contaminated root from the worms in Miami. It has a provincial nature, not very serious, depraved. The U.S. Government has associated itself with this depravity, with this lack of seriousness. They announce it, then they counterannounce it. They say it, then they deny it. It could be imminent. It could be tomorrow. It could be next week or six months from now. That is their business. Regarding the part that corresponds to us, I can tell you that we are prepared to respond to what we have clearly established as an act of aggression and an inadmissible act. We will respond in line with our duties to defend our country, our sovereignty.

[Reporter] Will that response be made as soon as the television station begins to broadcast, for example, without waiting for the results of the 90-day testing period.

[Aldana] The 90-day testing period is their affair, not ours. We feel that as soon as the project begins—a testing period for them, an act of aggression for us—we have the obligation, duty, and right to respond. How and in what measure we will respond is another matter. We have thought about it. We have had time to think about it and we will not begin with our most important resources. We will use, based on the circumstances and in a gradual manner, the means that we have been designing and which are available to us for this purpose. I can say that, yes, we are ready. We are ready. [repeats himself]

[Reporter] Are we ready for interference?

[Aldana] We are ready to respond accordingly. First, we are ready to do everything possible to prevent that signal from entering our country without impunity. That is our first objective. The distance that exists between the United States and Cuba is the same that exists between Cuba and the United States. They are powerful but not omnipotent and they cannot assume that they can make this type of aggression without impunity. That is the essential matter. We do not wish for this conflict to happen. We have neither promoted it, provoked it, nor does it interest us. Our attitude is neither boastful nor arrogant. We have a sovereign, legitimate right that we will serenely exercise with a strong sense of responsibility and patriotism, which is what is appropriate in this case.

[Reporter] We have received some information on certain scandals in Radio Marti. Are you familiar with this?

[Aldana] Yes, it is a public scandal. More than a scandal, it is a tight spot. It is a typical tight spot created by the old Cuban politicking.

[Reporter] [Passage indistinct].

[Aldana] No, no, no, it is a tight spot created by the venality of the fights, the struggles for positions. That was very common in our past, the politicking, the positions, posts. But this case appears to illustrate very well the contradictions between the penetration and the real influence of the Cuban worms in the U.S. establishment [preceding word in English] through its various structures, departments, agencies, etc. There is no doubt that these people are sufficiently shrewd to create this type of tight spot for the U.S. Administration, which has sought similar allies, similar friends. There is no doubt that there are contradictions between those who try to conduct a more professional, serious, less tendentious, less manipulative exercise, and those who want to do what has been done so far, tendentious, manipulative work in which it is very difficult to find a grain of truth. This continues to prevail in the views of U.S. officials of radio broadcasts toward Cuba. We will continue to follow this to see what happens.

[Reporter] Do you think that this project is a whim of the Cuban-American Foundation that Washington, the U.S. Government, has supported, or is it the reverse? Is it a project strongly supported by the U.S. Government that has taken advantage of the Cuban-American Foundation to give the appearance that this organization is the main one interested in this project?

[Aldana] I think that in light of the information available today, there is agreement. There is an agreement of interests. There is agreement. If we recall the Santa Fe program, which is a kind of nonofficial or officious platform of the Republican administrations, this purpose was already stated. This corresponds with economic and political interests from an internal point of view because this anti-Cuban brainchild, concocted by stateless people, really has no intention of changing the social system in Cuba. That requires the courage which they lack. They are looking for a political gap in U.S. policy. They want to get involved in the domestic environment of the United States as a way of life, and this anti-Cuban matter is a way of life. It is a business. This business, and we must acknowledge that some have had very good results from this, comes from an arrogant mentality, superreactionary, which is the mentality that prevails in U.S. policy, especially toward Cuba. The United States legislates as if it was the government of the planet. That planetary government has decided that this country is not well-informed and they have decided what type of

information the people of this country should have. This is the basis they are using to impose a television signal against Cuba.

There is an agreement. It, perhaps, would be unlikely now to find out the truth, to establish where this idea originated, but there is no doubt that this so-called foundation and the most reactionary, the most politically reactionary individuals in the U.S. Administration, are working together. It is an incestuous relationship, but there are a certain number of consanguineous ties involved from an ideological point of view.

[Reporter] Aldana, the Cuban-American Foundation's business of television aggression costs the U.S. taxpayer several million dollars. I wonder, if this project is so costly, if no one knows the political consequences that it will produce, if no one knows its effectiveness from a technical point of view, why maintain it at all costs?

[Aldana] It is a matter of prestige for the United States. They have boasted so much about a matter that has been accompanied by so much fanfare and based on belligerence toward Cuba, on the idea of continuing to hound us, harass us, maintain hostility against us. Based on this scenario, it is logical. This is the scenario that explains the typical Yankee position, right? U.S. taxpayers are being made fools, they are being swindled. U.S. interests themselves—if we were to try and find any legitimacy in those interests—are also affected by a decision such as this. Why was not some of this money, which is several tens of millions of dollars, advanced to the president of Panama, to Mr. Endara. That would help get him out of the serious situation that he is in now. That money could create employment in Panama. The money could be used much more decently there. It could be used much more logically than this squandering which this program will effect.

[Reporter] Even....

[Aldana, interrupting] Excuse me. I can assure you that this invention will not work like those who have placed money on it assume it will. They think that the reception of a U.S. television signal is assured without any resistance, without interference. It is also unrealistic to assume this. In that sense, regarding how efficient the project will be—beside the fact that it is illegal, immoral, an attack against Cuban sovereignty—speaking only in terms of efficiency, this is a mockery of the U.S. taxpayer.

[Reporter] Aldana, in conclusion, did you encounter what led to this project? Is it also true that Cuba has declared its willingness to exchange programs and other television programs with the United States and that, for two years, we have maintained a cooperation program with the U.S. television network, CNN, to carry its World Report program? Is this Cuban offer to hold these exchanges still open, and is this exchange with CNN an example?

[Aldana] I think that Cuba's position has been made public. Where this position is most completely expressed is in the document addressed to the United Nations warning that the start of the broadcasts begins a conflict, an escalation, and a crisis. We offered alternatives, not to stop the United States from proceeding with this project, not under those terms. Our terms were to completely defalsify the platform on which this project seeks its legality, its legitimacy. We are willing, through other types of exchanges— considering civilized norms and international law, the practice that has been established in the international community—to exchange television programs on the basis of reciprocity and mutual respect.

One of the policy lines of Cuban television programming is that it must be universal. If something bothers us about Cuban television programming, it is the excess of U.S. material. Hopefully we can truly diversify and make Cuban television universal. What we have too much of in Cuban television is an excess amount of U.S. material, above all in cinematography. This is a situation that is very difficult to resolve because of financial reasons, because of the blockade which makes it difficult to be more universal.

Regarding the exchange of programs, the case of CNN is an example of our willingness to be open. It helps us to show our people a different point of view, variations and different approaches on the same matter in respectful and professional terms, and not in terms of campaigns, blatant propaganda, or grotesque publicity terms. We want serious, professional terms. We are willing to cooperate in this. We have great confidence in the political culture of our people, in the ideological firmness of our people. We have no concern, no fear. We would participate in this program on terms of reciprocity and mutual respect.

I would like to clarify, that this is not because of the television station. They must renounce this project because it is illegal and immoral. We offer, in this environment, grounds on which we can hold civilized talks. That is the matter.

UNITA Attack 'Will Not Go Unpunished'

FL2003130490 Havana Tele Rebelde Network in Spanish 1200 GMT 20 Mar 90

[Text] Under the title, "The New Criminal Action of the UNITA [National Union for the Total Independence of Angola] Will Not Go Unpunished," the GRANMA newspaper today publishes a note from the Revolutionary Armed Forces Ministry [Minfar] on its front page.

The Minfar informs the people that at 0840 on 17 March, 15 km east of Lungonzo, a small town in Huambo Province, UNITA bands organized an ambush against a supply column of Cuban troops which were advancing along the Huambo-Cala-Benguela Highway, approximately 55 km southeast of Huambo. As a result of this criminal action, Comrade (Juan Derna Desalfro), reserve soldier, lost his life, while six other soldiers were injured, one of them seriously. The family members of our combatants were opportunely informed.

This cowardly action of the UNITA bands—the third one since the withdrawal of Cuban internationalist troops began—occurred north of the 13th parallel, the limit agreed upon in the New York accords, which is where our forces are concentrated.

As on the other two occasions, the Cuban internationalist combatants were not conducting combat actions. They were fulfilling supply missions for their units. This action occurred only days after the last regular meeting of the joint commission in Angola where the U.S. Government promised to use its well-known influence as supplier and political supporter of the UNITA so it would keep its word not to repeat attacks against Cuban troops. The South African Government also stated this. It has been irrefutably demonstrated that one cannot at all rely on the promises of UNITA leaders. Once again, the moral responsibility of this action falls upon the U.S. Government because of its status as UNITA boss and accomplice.

This new attack on Cuban troops will not go unpunished. The Cuban military command in Angola has received the pertinent orders to this end.

Here ends the Minfar note published today by GRANMA under the title, "The New Criminal Action of the UNITA Will Not Go Unpunished."

Reformist's Rivero Comments on Rights, Opposition

PA1903200190 Paris AFP in Spanish 0601 GMT 15 Mar 90

[Text] Mexico City, 14 Mar (AFP)—The incarceration of several members of the Human Rights Party (PDH) on 10 March "is a declaration of war from the Cuban Government to all those who peacefully oppose it," it was stated here today by Carlos Rivero, spokesman of the Reformist Party of Cuba (PRC, social democratic).

AIN, the official Cuban national news agency, reported on 12 March that eight Cuban dissidents, including seven PDH leaders, had been arrested in Havana on 10 March, adding that they would be tried for association with criminal intent, illegal meetings, and illegal demonstrations.

AIN reported that "on 7 March they (the prisoners) effusively congratulated the U.S. delegation, which had submitted a draft resolution against Cuba at the Human Rights Commission in Geneva," which was approved by Poland, Czechoslovakia, Hungary, and Bulgaria.

"We want democracy, reconciliation, and general elections, meaning we want what the whole world wants and something that even Pinochet has accepted. We are not asking Castro to resign tomorrow, we are only asking for free elections," it was added by Rivero, son of Andres Rivero, who was elected Cuban president in 1958 but was never sworn in.

The PRC spokesman, who lived as a member of the opposition in Cuba between 1974 and 1977, said in a press note delivered to AFP that the government in his country had rejected the peace plan his party sent to President Fidel Castro in February. The plan asked for Castro to call elections in Cuba in 1990.

The PRC, which was founded in 1989 and reportedly has representations in Mexico and the United States, defines itself as one of the parties that peacefully opposes the Cuban Government—along with the PDH, the Cuban Commission for Human Rights and National Reconciliation (CMDH), and the Cuban Social Democratic Party (PASCU).

Rivero said he had met with people—whose names he omitted—close to the Cuban Government in Queretaro (Mexico) to send a peace plan to Fidel Castro.

A Cuban Embassy official here "summoned me on 8 March and told me that our documents had been read in Havana, and that it was useless to request general elections and the legalization of political parties." He also ruled out the possibility that "members of our party could travel to Havana."

The PRC's 16-point peace plan asks "the Cuban Government to allow the free expression of political ideas," and proposes that the United States close down Radio and Television Marti, "which attack the Cuban Government."

The plan also asks all the Cubans who have opposed the government not to "settle accounts" with any past or current member of the Cuban regime.

In addition, the PRC demands that the Cuban Government and its adversaries quickly establish direct communication "for the renewal of peace, dialogue, and fraternity" in Cuba.

Castro Message Conveyed to Algerian President

FL1903144090 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Mar 90

[Text] Chadli Bendjedid, president of the Democratic and Popular Republic of Algeria of the FLNR [National Liberation Front, acronym as received], received Jorge Risquet, member of the Politburo and secretary of the Central Committee of the Communist Party of Cuba. Risquet presented Bendjedid with a message from Cuba's top leader, Commander in Chief Fidel Castro. The meeting was held in a fraternal atmosphere and the relations of friendship that unite Algeria and Cuba were discussed. Risquet reiterated the appreciation and friendship of the Cuban people with the Algerian people, and the extensive agreement that exists between the two countries.

Two More Warships Arrive at Guantanamo Base

FL1903140790 Havana Radio Rebelde Network in Spanish 1127 GMT 19 Mar 90

[From the "Haciendo Radio" program]

[Text] Two more warships have arrived at Guantanamo Naval Base—the D186 Molders destroyer of the FRG Navy and the DD987 O'Bannon destroyer of the United States.

The D186, commissioned on 20 September 1969, was previously a U.S. Navy destroyer which was reconditioned and sold to the FRG. It has a displacement of approximately 4,500 tons and can sail at up to 32 knots. It has a ramp of surface-to-surface harpoon missiles with an approximately 100-km range, eight tubes for antisubmarine rockets, ASROC, with an 11-km range, and air-standard surface rockets, two 120-mm guns, and six 300 [five-second break in transmission] torpedo tubes.

The DD987 was commissioned on 15 December 1979. It has an approximate displacement of 8,040 tons and can sail at up to 32 knots. It has 32 surface-to-surface missiles, 24 Sea Sparrow missiles, eight harpoon missiles, and two 127-mm guns and one 120-mm gun, a system of 24 ASROCs, and six 324-mm torpedos. It is carrying two SH60B Sea Hawk helicopters and has a landing and take-off platform for them, and a 334-man crew, 19 of whom are officers.

With the arrival of these ships at Guantanamo Naval Base, the U.S. Government continues to increase the number of naval units at that installation.

Correction to Raul Castro PCC Congress Speech

PA1903210490

The following correction pertains to the item headlined "Raul Castro Announces 4th PCC Congress in 1991," published in the 16 March Latin America DAILY REPORT, page 6:

Column two, paragraph five, sentence two, make read: ...the field fortification, creation of shelters, collection of food... (rewording)

Inter-Caribbean Affairs

Leaders Express Concern Over Reduced U.S. Aid

FL1703002590 Bridgetown CANA in English 2244 GMT 16 Mar 90

[Report by Ernie Seon]

[Text] Castries, St. Lucia, March 16, CANA—St. Lucia's Prime Minister John Compton on Friday [16 March] told United States congressmen of the Commonwealth Caribbean's [as received] grave concern over a sharp reduction in aid and trade with the United States. Compton told the meeting, attended by Prime Minister Eugenia Charles of Dominica, and ministers from Barbados and the Organisation of Eastern Caribbean States (OECS) that the cold statistics on trade with the United States were a clear indication that Washington's Caribbean Basin Initiative (CBI) had failed to live up to its promise.

"Direct economic assistance for the development of infrastructure has been drastically reduced and is now 35 per cent below previous levels. Investment, which was never a flood, has slowed to a mere trickle," the St. Lucian leader said.

Compton was addressing an Eastern Caribbean consultation called at the initiative of congressman George Crockett Jr. to evaluate the success of U.S. aid programmes and establish priority areas in the light of recent budget cuts. Compton said that notwithstanding the dramatic events in Eastern Europe and Central America the United States needed to ensure that the Caribbean "while not being headlined, should not be sidelined to languish in a state of under-development".

"While the return of Eastern Europe and countries in Central America to the democratic fold should be celebrated ... We who throughout the years have been steadfast in sustaining the democratic values in the region, ... Should not be excluded from the table and forced to gather the crumbs," Compton said.

He noted that after nearly three years, the support group for Guyana has not been successful in raising U.S.35 million dollars to help the Caribbean Community country out of its difficulties. However, he observed that "the same group of nations could in three months mobilise a rescue package" of several million dollars for Poland.

"We in the region are not seeking hand-outs but a hand-up—an opportunity to earn our living. We do not seek food aid but rather access to markets for our products," Compton noted.

Compton said that trade with the Bahamas declined from U.S.1.3 billion dollars in 1983 to 285 million dollars in 1988. Trinidad and Tobago, whose recovery is vital to the entire Caribbean, fared no better with a decline from 1.5 billion dollars in 1983 to $46 million in 1988.

Trade with Barbados declined from 203 million dollars in 1983 to 53 million in 1988, while trade with Guyana slipped 22 per cent.

"Yet we are termed beneficiary countries under the CBI," Compton said.

He noted that sugar imported into the United States could be arbitarily reduced, and had fallen from 50 per cent of domestic consumption to a mere seven per cent with hundreds of millions dollars lost in export earnings, and thousands of jobs in an industry which is the mainstay of the economies of five Caribbean countries.

"Whereas an increase in the quota is welcomed, the arbitrariness with which the quota is adjusted does not lend itself to long-term planning," Compton added.

He, however, welcomed the consultation, which he said "assures us that in the headline grabbing events in other parts of the world, there is a forum to address Caribbean concerns."

Sandiford Urges Cooperation With Canada

FL2003012190 Bridgetown CANA in English
0054 GMT 20 Mar 90

[Report by Bernard Babb]

[Text] Bridgetown, Barbados, March 19, CANA—Barbados Prime Minister Erskine Sandiford urged the Caribbean on Monday night [19 March] to grab the newest industrial initiative offered by Canada with both hands. Speaking at the opening of a two-day Canadian trade exhibition here, Sandiford told a gathering of local and Caribbean businessmen that they should take full advantage of Canada's promise to expose the region's goods and services.

Canadian Prime Minister Brian Mulroney told Commonwealth Caribbean heads of government earlier that Canada will host a Caribbean investment conference in Toronto next April as well as open a new industrial cooperation office for the Caribbean in Ottawa. Mulroney said the Ottawa office will cost (Can) one million dollars and will assist private sectors of the Caribbean and Canada in developing long term commercial relationships.

More than 30 booths form the exhibition which features a range of products and services including timber, electronics and telecommunications. Sandiford said regional manufacturers need to develop the necessary skills and expertise to break into the Canadian market since trade was one of the great mechanisms for interchange among countries.

"In mixed economies such as ours governments can create a favourable environment for the operation of trading links and for the opportunity for trade. Those of you at the exhibition can be forerunners in the movement for greater cooperation between Canada and the region," he said.

Mulroney, who declared the trade exhibition open, told the businessmen that Canada has an age-old relationship with the Caribbean which stems from trade. "In the old days Canadians exchanged salt fish and timber for Caribbean rum, molasses and spices. We have come a long way since then and trade is now a diversified two-way flow of goods and services exceeding (Can) 630 million dollars," Mulroney said.

He said the Caribbean is still shipping traditional items such as molasses and coffee to Canada but export items have been expanded to include major shipments of bauxite and petroleum and steel products. He said there was great cooperation between Canada and Caribbean to the extent that (Can) 450 million was invested by Canadians in the Caribbean.

Caricom 'Stands Ready To Support' Haiti

FL1903180390 Bridgetown CANA in English
2328 GMT 17 Mar 90

[Report by Peter Richards]

[Text] Bridgetown, Barbados, March 17, CANA—Caribbean Community (Caricom) leaders, meeting in Barbados, on Saturday [17 March] called for "a speedy transition to constitutional and democratic government" in Haiti. The appeal came almost a week after respected jurist and author Ertha Trouillot took over as provisional president of the politically troubled and impoverished French-speaking country.

In a statement, the leaders, meeting informally at Sam Lord's Castle in southern Barbados, said they "strongly urge the administration in Haiti to proceed quickly and resolutely in co-operation with all representative organisations in the country to effect a speedy transition to constitutional and democratic government."

"In this connection, they declare that the Caribbean Community stands ready to support, within its means, the efforts of the interim government," the statement said.

The Caricom leaders meeting here ahead of next week's summit with Canadian Prime Minister Brian Mulroney said they were heartened by the transfer of authority "from the military establishment to a widely accepted interim civilian government."

"They declare afresh their solidarity with the Haitian people and Caricom's identification with their aspirations for democracy, development, and justice."

"Heads of government agree, in particular, that Caricom should establish contact with the Haitian authorities with a view to ascertaining their preparedness to receive once again the Caricom ministerial mission at a very early date."

The leaders have also urged the authorities in Haiti to resume arrangements for the visit of a working group of electoral officials which were suspended as a result of the "repressive actions of the Avril regime in January."

The Caricom leaders meeting under the chairmanship of Barbados' Prime Minister Erskine Sandiford have also urged the inter-American system and the wider international community to "mobilise and deliver to Haiti a comprehensive programme of assistance aimed at encouraging a transition in Haiti from persistent crisis to democracy and development."

"They give the assurance that their governments are disposed to doing all in their power to facilitate this process," the statement said.

Manley: Caricom Did Not 'Dictate' Banana Policy

FL1903192190 Bridgetown CANA in English
1615 GMT 18 Mar 90

[Text] Bridgetown, Barbados, March 18, CANA—Jamaica's Prime Minister Michael Manley says banana-producing Caribbean states did not attempt to dictate to the Dominican Republic where it should sell bananas in Europe, particularly the United Kingdom.

"There was no issue of trying to dictate, the issue here was quite different..." Manley told reporters at the end of an informal meeting of Caribbean Community (Caricom) leaders at the Sam Lords Castle on the southern coast here. Caricom banana-exporting countries and the Dominican Republic arrived at a compromise on Saturday [17 March] for resolving their dispute over the export of DR [Dominican Republic] bananas to Europe.

The agreement, worked out at a three-and-a-half-hour session, prohibits the Dominican Republic from selling bananas at concessional terms on the traditional and favoured British Market of Caricom exporters. But the accord places no restriction on the Dominicans exporting to other European markets.

Manley told reporters the agreement reached with the Dominican Republic "was very concrete." He said the Dominican Republic "did not get its way" as a result of the controversy surrounding their shipment of bananas. "I think what has emerged is the Caribbean traditional banana-producers have secured the assurances that they need ...," he said.

Asked if the agreement meant that the Caribbean had dictated to the Dominican Republic where and how to sell their bananas, Manley replied: "They (Dominican Republic) were seeking membership in ACP (African Caribbean and Pacific Group) countries and seeking Caricom support for that procedure, and Caricom said we are willing to support you on that but please do not so act as to destroy one of our markets ... It is quite different."

The Dominican Republic Foreign Minister Joaquin Ricardo said he was "happy that we have arrived at a mutually satisfactory solution to this problem in the interest of better understanding and future relations."

Israel To Assist Agriculture of OECS Nations

FL1903190490 Bridgetown CANA in English
1422 GMT 18 Mar 90

[Text] St. John's, Antigua, March 18, CANA—The Israeli Government will be assisting Antigua and Barbuda and the member countries of the Organisation of Eastern Caribbean States (OECS) in improving their agricultural sector, according to new Israeli ambassador to the region Gavriel Levy.

The diplomat, who held discussions with Antigua and Barbuda's Agriculture Minister Hilroy Humphreys, told reporters his government will be assisting the OECS members through a programme of diversification of tropical produce. It has the co-operation of the United States Agency for International Development (USAID) regional office in Barbados.

Antigua and Barbuda will be used as the base for the production of vegetables and experts from Israel will be on hand to provide technical assistance. The diplomat also said his government will continue to provide scholarships to Antiguan nationals to pursue studies in early childhood education, public health, and agriculture.

Ambassador Levy during his brief visit held talks with Prime Minister Vere Bird Sr., Deputy Prime Minister Lester Bird, and other government ministers. He presented his credentials to Governor General Sir Wilfred Jacobs. He also met with opposition leader Baldwin Spencer and Tim Hector, leader of the opposition Antigua-Caribbean Liberation Movement (ACLM).

Bahamas

Prime Minister Discusses Aid to Haiti, Guyana

FL1903144390 Bridgetown CANA in English
1930 GMT 17 Mar 90

[Report by Peter Richards]

[Text] Bridgetown, Barbados, March 17, CANA—Bahamas Prime Minister Sir Lynden Pindling urged Caribbean countries on Saturday [17 March] to provide aid to Haiti in its search for democracy.

"Haiti is not going to go away. We are going to have to find a way to live with the situation there. I think it is going to be in all our best interests—in the interest of the Caribbean in general and Haiti in particular. We should try to render whatever assistance we can," Pindling said.

"There has never been any experience of real democracy there, and it will be foolhardy to think that democracy can be established and thrive overnight, it just does not happen like that," he told the CARIBBEAN NEWS AGENCY (CANA).

Caribbean Community (Caricom) leaders are expected to discuss the political situation in Haiti, where a new civilian president took charge this week after the military leader fled, at a meeting here on Saturday. The issue may also be raised at a Caricom/Canada summit starting on Monday [19 March].

Pindling said nearly 30,000 Haitian refugees have entered his country over the past two decades amounting to over ten percent of the population.

"Every month thousands more arrive and we have had to spend large sums of money in accommodating the new arrivals.... More money has to be spent on the repatriation itself...."

Pindling also called for regional economic support for Guyana. He said the government of President Desmond Hoyte "seems to be bent on pursuing a new economic path and that ought to be given every encouragement."

"In our little neck of the woods in the northern part of the (Caribbean) chain we would certainly wish to work with the Guyana Government and people to bring about a resurgence of their economic circumstances," Pindling said.

He told CANA the summits should focus on just how well the Caribbean countries could react to the economic and political changes throughout the world.

"We must be fully aware of what is going on in these places.... Because our survival will depend on adapting to those changing scenes as rapidly as possible."

Pindling said Europe's decision to establish a single market by 1992 meant that there was need for greater cooperation among the region, and the matter should be looked at "again more closely."

"Another thing is how we can harmonise our own economies in tune with that of the Americas.... I think that this is going to be important for us because I really believe that the access to European market will be severely restricted after 1992...."

"I think we ought to seek the extent to which we may be able to establish and strengthen economic links with the Far East," Pindling said.

Grenada

Prime Minister Jones Tenders Resignation

FL1603183790 Bridgetown CANA in English 1725 GMT 16 Mar 90

[Text] St. George's, Grenada, March 16, CANA—Ben Jones on Friday morning [16 March] tendered his resignation as prime minister of Grenada following Tuesday's [13 March] general elections, it was officially announced here.

The announcement came on the state-run radio following a meeting earlier between Jones and the Governor General Sir Paul Scoon.

Nicholas Brathwaite Named Prime Minister

FL1603191190 Bridgetown CANA in English 1849 GMT 16 Mar 90

[Excerpt] St. George's, Grenada, March 16, CANA—Grenada's post-election stalemate over who should form the next government eased Friday [16 March], with the governor general, Sir Paul Scoon, appointing National Democratic Congress (NDC) leader Nicholas Brathwaite as the new prime minister. The announcement came less than four hours after Sir Paul had met with and received the resignation of incumbent Prime Minister Ben Jones.

The governor general summoned Jones to a meeting Friday, the morning after The National Party (TNP) leader had met with his NDC counterpart on the conditions for jointly forming a new administration.

In general elections three days ago none of the six parties contesting won an absolute majority. The NDC captured seven seats in the 15-member House of Representatives, Sir Eric Gairy's Grenada United Labour Party (GULP) took four and two each went to TNP and the New National Party (NNP) of Dr. Keith Mitchell. The GULP and NNP are expected to form the opposition in Parliament.

In the March 13 elections, the NDC (13,470) won 34.6 per cent of the votes cast; the GULP (11,035) 28.3 per cent; the NNP (6,677) 17.2 per cent; TNP (6,775) 17.4 per cent; the Maurice Bishop Patriotic Movement (920) 2.4 per cent; the Good Ole Party (06) .01 per cent and independents altogether (15) 0.3 per cent.

Today's developments capped three days of frantic manoeuvering among the parties to form a government. Jones had been invited to join a TNP-NNP-GULP coalition as prime minister and take charge of an 8-7 majority government, but ran into strong opposition to the move from within his constituency. [passage omitted]

Addresses Nation

FL1903132390 Bridgetown CANA in English 1733 GMT 18 Mar 90

[Report by George Worme]

[Text] St. George's, Grenada, March 18, CANA—New Prime Minister Nicholas Brathwaite called on the nation to unite in the wake of general elections on Tuesday [13 March]. In his first address to the nation, Brathwaite who was sworn in on Friday, said that the task ahead for his administration was not an easy one.

His National Democratic Congress (NDC) won seven seats in the election and will need the support of at least one other member of Parliament to govern. Brathwaite said the new government was committed to serving Grenada without favouritism by ensuring accountability and morality in public affairs.

He said it would also strive for positive, economic, and human development so as "to advance human dignity, to foster one love and greater fellowship, and to enhance the democratic process, allowing our people a complete freedom of choice."

"...I now call upon citizens of all walks of life.... To join with me and the other members of government through diligence and concerted effort in order to achieve good and stable government, as well as a better life for all our people," he said.

Brathwaite told Grenadians that now the electioneering campaign was over there was a need for the entire

country to unite although he expected people to continue supporting their own political parties.

"... We are one people, living as one nation and can only move with one another," he said.

Brathwaite promised to put in place a system of government that all Grenadians have been looking forward to over the past 20 years. He said that it would be a government which would prepare the nation for meeting "the challenges of the 90's and the 21st century and of which we all Grenadians will be justly proud."

Brathwaite announced plans to deliver another address to the nation on Wednesday when further details about the government would be given. He has already announced that economist George Brizan would be appointed to the post of minister of finance and planning and barrister Dr. Francis Alexis to the portfolio of minister of legal affairs and attorney-general. Brathwaite himself would be responsible for foreign affairs, information, and home affairs.

Will Not Attend Caricom Summit

FL1903141790 Bridgetown CANA in English 1846 GMT 17 Mar 90

[Text] St. George's, Grenada, March 17, CANA—New Grenada Prime Minister Nicholas Brathwaite has changed his mind about travelling to Barbados to attend Monday's [19 March] Caribbean Community [Caricom]-Canada summit.

Brathwaite, 64, had announced his intention of attending the meeting shortly after being sworn in by Governor-General Sir Paul Scoon on Friday. But he said on Saturday [17 March] he was tired after the long campaign leading up to Tuesday's general elections. A statement from his home said that the delegation would now be headed by Dr. Francis Alexis, attorney-general-designate.

The other members of the delegation are director-general of government finances, Lauriston Wilson, and permanent secretary in the Ministry of Foreign Affairs Denneth Modeste.

Labor Candidate Said To Have Joined Government

FL1903163790 Bridgetown CANA in English 2023 GMT 18 Mar 90

[Report by George Worme]

[Text] St. George's, Grenada, March 18, CANA—Grenada was abuzz on Sunday with reports that small businessman Edsel Thomas, one of four victorious candidates of the opposition Grenada United Labour Party (GULP) in Tuesday's [13 March] general elections, may have defected to the government of new Prime Minister Nicholas Brathwaite.

GULP leader Sir Eric Gairy acknowledged on Saturday night that one of his winning candidates was no longer loyal to the party but declined to name the defector. But well-placed sources within the party identified him as Thomas, who runs a small bakery in the rural parish of St. John's, the constituency which he won.

Brathwaite's National Democratic Congress (NDC), having won seven of the 15 seats, requires the support of at least one MP [member of parliament] from the other three parties to survive in Parliament.

When CANA [CARIBBEAN NEWS AGENCY] attempted to reach Thomas by telephone, he was not available to speak but an aide said that there were several people outside his home demonstrating against any move to join the NDC. Eyewitnesses also reported seeing a police presence around Thomas' home. They said that Thomas told the hecklers that his decision to join the NDC government was irrevocable. Within minutes of the address, GULP executive member Albert Forsythe arrived for a meeting with Thomas and the two went inside the house.

Another source said that Thomas decided to go over to the NDC after becoming disenchanted with Gairy over his handling of negotiations involving GULP and two other opposition groups to form a 8-7 government which would have left the NDC in the cold. They said Thomas felt that Gairy derailed the attempt by demanding too many positions for his party within the government. The official spoke of a deal that was being worked out for GULP to get five positions in the cabinet, The National Party (TNP) of outgoing Prime Minister Ben Jones three, and two for the New National Party (NNP) of Keith Mitchell.

He said that Gairy, who was rejected in his constituency, demanded an additional position and that he be present at each cabinet meeting as special advisor. He indicated that Jones, who was being earmarked to head the government, balked at the idea preferring to have Gairy sit at cabinet whenever he deemed it necessary.

The source said that six victorious candidates were assembled at a secret hideout on Friday awaiting the arrival of Jones to sign the agreement which would have given the TNP/GULP/NNP the government. But the GULP's Winston Frederick refused to leave his home to travel to the hideaway unless Jones and those involved came to his home to clarify his own role in the government. He said that Jones rejected Frederick's demand and by then it was too late because Brathwaite was in the process of taking the oath as prime minister.

Defection Ensures Majority

FL1903202590 Bridgetown CANA in English 1951 GMT 19 Mar 90

[Text] St. George's, Grenada, Mar 19, CANA—Edzel Thomas, one of four victorious candidates of the Grenada United Labour Party (GULP) in last week's general elections here, on Monday [19 March] formally resigned from the group to pave the way for his entry

into the new government of Prime Minister Nicholas Brathwaite. Thomas, who won the rural St John's constituency, sent his letter of resignation dated March 18 to party leader, Sir Eric Gairy.

"I hereby wish to advise you that I am resigning my membership of the Grenada United Labour Party with immediate effect," he told Sir Eric. "I have taken this decision because I think it is in the best interest of our country's stability and development," stated the letter, made available to the press here.

Well-placed sources told CANA that Thomas also wrote Governor General Sir Paul Scoon, advising of his intention to work with the Brathwaite administration. Brathwaite's National Democratic Congress (NDC) won seven of the 15 parliamentary seats, failing by one to secure the majority needed to form a government. The inconclusive poll—the GULP copped four seats and the New National Party and The National Party (TNP) captured two seats each—triggered a flurry of behind-the-scenes negotiations among the parties to form a majority government. Thomas' defection from the GULP assures the NDC a working majority in parliament.

Meanwhile, former Prime Minister Ben Jones, who heads TNP, was meeting with Brathwaite Monday to discuss a possible role in the new administration. Jones arrived at Brathwaite's home at the villa, just outside the capital at 2:45 P.M (local time) for informal talks with the prime minister. When the two last met on Thursday [15 March], Brathwaite had offered Jones the deputy prime ministership and the agriculture portfolio in order to secure his support for the government. It was unclear Monday whether Brathwaite's offer still stands. Brathwaite is expected to announce the composition of the cabinet on Wednesday [21 March] night.

Haiti

Installation Ceremony for State Council Members

FL1603183390 Port-au-Prince Radio Nationale in French 1534 GMT 16 Mar 90

[Speech by President Ertha Trouillot at installation ceremony for members of State Council at the National Palace in Port-au-Prince at 1534 GMT on 16 March—live]

[Text] Members of the diplomatic corps, members of the Haitian Armed Forces high command, members of the Court of Cassation, representatives of the political parties, ladies and gentlemen. Dear councillors:

I am honored to welcome you to the house of the people at this historic moment. I am installing the Council of State, an institution called upon to assist the government in realizing the objectives assigned to it by the nation. I renew before all of you my government's determination to subscribe to these objectives, which are to institute the ways and means to organize democratic elections and raise the people's standard of living.

You and I are called upon to serve a people who, despite a turbulent history, have their pride and are legitimately demanding their right to well-being; a people who, through the many sectors you represent, expect this government to successfully hold free, honest, credible elections within a short time and take administrative action to attenuate the material rigors of daily life.

It is important for us to understand the meaning of the mission entrusted to us and the breadth of the role each of us individually is called on to play, according to the objectives that have been set for us by the nation, in the denouement of this seriously critical transition. Gentleman members of the Council of State, it will fall upon you to assist my government's efforts to set in place the structures and conditions necessary for holding elections promptly. You are also invited to assist the executive in defining itself [dans sa determination]. I assure you that I will respond to the legitimate aspirations of the geographical departments and diverse sectors of the national life.

During the difficult labors that await us, we must show a great deal of wisdom, as the term was defined by those from bygone days [les anciens]: tact, understanding, foresight, and lucidity. Since this government's legitimacy depends on its doing its duty and its will to serve, I urge you to get to work immediately to accomplish these objectives. Therefore, may I anticipate in addition to the indispensible support of the Army, sincere and loyal cooperation in a spirit of concerted action within the executive and the Council of State, for the good of the common Fatherland. [applause]

Long live Haiti. Long live democracy. [applause]

Members Introduced; Roy Speaks

FL1603201290 Port-au-Prince Radio Nationale in French 1534 GMT 16 Mar 90

[Installation ceremony for members of Council of State held at National Palace in Port-au-Prince on 16 March—live]

[Excerpts] [passage omitted] [Master of Ceremonies] The members of the Council of State will now greet the president of the Republic in the following order: Dr. Louis Eugene Roy, representative of the human rights sector [applause]; Attorney Ernst Malebranche, representative of the unions [applause]; Dr. Michel Lominy, socioprofessional sector [applause]; Serge Villard, representative of the private sector [applause]; engineer Lesly Voltaire, representative of the education sector [applause]; Attorney Max (Kernisan), representative of the bar [applause]; Chavannes Jeune, representative of the Protestant churches [applause]; Marc Lamour, representative of the peasant sector [applause]; Mrs. [applause] Suzy Castor, representative of the women's sector [applause]; Venel Remarais, representative of the [applause] press, AJH [Haitian Journalists Association] [applause and cheering]; Dr. Gerard (Bleau), representative of the popular sector [applause].

After the presentation of the members of the Council of State, we will give the floor, in turn, to Dr. Louis Roy, representative of the human rights sector; Attorney Max (Kernisan), representative of the bar; and Mr. Chavannes Jeune, representative of the Protestant churches. Mr. Roy. [passage omitted]

[Roy] Your Excellency, representatives of the Diplomatic Corps, members of the judiciary, representatives of the Haitian Armed Forces, ladies and gentlemen, and dear State Council colleagues—in the name of whom I once again, and perhaps for the last time, speak, as the oldest member on the council and therefore its doyen, for we will very soon be joined by the representatives from the provinces, some of whom are present here today.

With immense pleasure I recognize among them the president of the Constitutional Assembly, a dear friend and a member of the Constitutional Assembly—which means that we are being enriched by competent people who have already proven their good citizenship and patriotism and who, once their authority has been validated, will together with the other provincial delegates, join the ranks of the Council of State.

I shall address you first, dear State Council colleagues, at this solemn moment when we are being officially invested, for once this solemn moment is over, the time for speeches will also be over. The situation is more than just serious; it is grave. Public security is threatened. Public peace must be re-established. Public finances are bankrupt. Public health is precarious. Public work, the ecology, everything has been frittered away. The entire world is watching us, gentlemen, and is providing us with a big challenge. We have accepted this challenge. It now remains for us to roll up our sleeves and arm ourselves with good citizenship, patriotism, and abnegation in the hopes that confidence in us will be reborn at the same time as the Haitian people's confidence in themselves, and that of friendly countries in Haitians.

We thank those who have come to assist and encourage us with their presence here this morning, despite the fact that the invitations were issued very late—for we do not as yet have a secretariat or messengers. I know that you were all notified very late last night. Thank you for coming.

You first, Madame President, to whom we offer our most sincere collaboration and the cloak of our protection against all the forces that will threaten you, just as they threaten everyone who holds power, as people expect favors and privileges. Many of us have already begun receiving letters of recommendation, letters of requests, letters regarding assistance.

Be assured, Madame, that we will be your watchdogs, so as to allow you to carry out successfully this difficult task that has fallen to you.

Next, you gentlemen of the nation's constituted corps who are present here today. The public administration needs to be taken back in hand and cleaned up for the greater good of everyone and of you all, if we want this country to survive. This will have to be done through you and your enlightened patriotism.

Finally, you representatives of friendly countries of whom we expect active friendship, understanding, and assistance, while promising you in return transparency, honesty, and vigilance, so that the taxpayers of your respective countries, who permit you to assist us technically, will continue to do so without reservations.

This government of transition, to which we belong, is not claiming that it is going to accomplish miracles in record time. Its task is to prepare and hold as quickly as possible proper, unfettered, democratic elections—which cannot be done without the support of the Army— for the security that it can provide from its barracks—international technical aid, and the understanding of the entire population, of whom we ask, in conclusion, patience. We ask them to mute their demands to allow the government that the nation will have freely chosen to respond to its expectations and ambitions. Thank you. [applause]

Bar Representative Speaks

FL1603213490 Port-au-Prince Radio Nationale in French 1534 GMT 16 Mar 90

["Excerpts" from a speech by Attorney Max (Kernisan), representative of the bar of Port-au-Prince, during the installation ceremony of the Council of State at National Palace in Port-au-Prince on 16 March—live]

[Excerpts] Madame President; representatives of the diplomatic and consular corps; Mr. President and members of the Court of Cassation of the Republic; General, Commander in Chief of the Armed Forces; dear colleagues; and ladies and gentlemen:

I would not have been able to speak had not the eldest member of the Council of State kindly allowed me to do so. As representative of the Order of Lawyers, I think I should address the magistrates, not to argue in favor of a private cause, but rather to express the preoccupation with, interest in, and the solidarity of all the professionals of the legal profession with this political experiment [experience] at an exceptional juncture—a juncture in which the prestige and the life of the national community is at stake.

The profound crisis shaking all components of Haitian society is indeed the manifestation of well-known phenomena and changes of all kinds, within an inadequate, retrograde framework and structure. It is the testimony of a rupture in the balance of influence between individual and collective aspirations for a change for greater well-being and the institutions that must serve as vehicles for the expression and satisfaction of these aspirations. [passage omitted]

The Order of Lawyers hastens to formulate a proposal that a national convention be organized immediately on

Law [le droit], on the laws [la loi], and even on—yes, why not?—the Constitution. Applying [corrects himself], participating (?actively) in such a convention would be men of law and members of the legal profession, agents of the executive branch of the government, all kinds of judiciary auxiliaries, officers of the judicial police, and administrative police cadres, in an entente [tete entente] [corrects himself] in a tete-a-tete, all together—a tete-a-tete which is necessary, obligatory, one with a common vision, with an ideal of grandeur, justice, and freedom.

Madame President, dear colleagues, ladies and gentlemen: Such is the message that the Order of Lawyers has ordered its representative to convey to you. Such is its decisive role, or its contribution, to this Council of State that serves to fill a regrettable void in our political system and which will remain—or at least so I hope—an irreversible acquisition of Haitian public law.

I solemnly promise the nation that I will act as a State councillor with dignity and with respect for the laws of the Republic for the safeguarding of the people's rights and for the prosperity and greatness of the nation. [applause]

Trouillot Appoints Cabinet; Abraham Promotion

FL1903134590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Mar 90

[Excerpts] The new government's cabinet, which the population has been impatiently awaiting, was made public last night. The announcement was also made that General [Herard] Abraham has been promoted from major general to lieutenant general.

Haitian new provisional president Ertha Pascal Trouillot announced the cabinet appointments on the night of 18 March. [passage omitted]

This cabinet has 13 ministers:
Joseph Maxi [head of Haitian Human Rights League]—minister of interior.
Jean Thomas—minister of national defense. (Thus, there is no longer a single ministry called Ministry of Interior and National Defense. This ministry has now been divided into two ministries).
Pierre Labissiere—minister of justice.
(Kesner Clermont)—minister of foreign affairs and worship.
(Lesly Goutier)—minister of economy and finance.
Charles Tardieu—minister of national education, youth, and sports.
Carlo Desinor—minister of information and coordination.
Serge Fils-Aime—minister of public health and population.
Lionel Richard—minister of agriculture, natural resources, and rural development.
Mrs. Claudette Werleigh—minister of social affairs.
Jean-Pierre Moise Pierre-Louis—minister of public works, transportation, and communications.
Ludovic Pierre—minister of planning, external cooperation, and civil service.
Maurice Lafortune—minister of commerce and industry.

Several of these cabinet members are well-known to the general public—such as attorney Joseph Maxi, president of the Haitian Human Rights League. Maxi had been living in hiding and was given a hard time recently, with the police showing up at his house during the recent events in Haiti under former Gen. Prosper Avril. Maxi is now minister of interior.

AFP tells us a bit about these personalities. Justice Minister Pierre Labissiere is a former member of the Provisional Electoral Council that organized the 1987 elections that ended with the 29 November 1987 election day massacre. He is the head of the Order of Lawyers of Port-au-Prince. Foreign Minister (Kesner Clermont) was Haiti's UNESCO representative. Defense Minister Jean Thomas is a former colonel known as a moderate who was military attache in the Dominican Republic. Social Affairs Minister Claudette Werleigh is another well-known figure respected for her social committments. Dr. Carlo Desinor, minister of information and coordination, is a pediatrician and the editor in chief of the newspaper LE NOUVELLISTE, the moderate doyen of the Haitian press. He has also written several books on political sociology.

An official communique also issued last night announced that President Trouillot has promoted Army commander in chief Major Gen. Herard Abraham to the rank of lieutenant general. [passage omitted]

Addresses New Cabinet

FL1903231190 Port-au-Prince Radio Nationale in Creole 1651 GMT 19 Mar 90

[Speech by President Ertha Trouillot at installation ceremony for new Cabinet from the National Palace in Port-au-Prince—live; monitored in progress]

[Text] [applause] Furthermore, an example will be set by the sobering cuts I am proposing, beginning with the excessive indemnities allocated to the president of the Republic [applause and cheers] and his ministers [applause], and extending to all the expenses and phony expenses that continue to despoil the public coffers, to the benefit of the perpetual luxury of a small number of people unconcerned by the population's distress [applause and cheers].

Another key department will be the Department of Justice. Although we may not have the time required to complete this indispensable reform so ardently desired by the people, who have been subject to highway robbery by contrabandists set up as justices of the peace, representatives of the Department of the Public Prosecutor, surveyors, civil registrars, and even section chiefs, true tormentors, principally of our poor peasant brothers [cheers and applause] who are perpetual victims of

unspeakable abuses and shameless exploitation; and although we may not have time to completely clean up this sector, which is so profoundly linked to the population's daily life, we must at least begin to introduce into it emergency measures of redress with respect for a law before which everyone is equal; at least keep it from being said that under our ephemeral administration we tolerated injustice instead of advocating the wholesome and equitable justice due each and every Haitian. [cheers, applause]

In the Departments of Public Health and Public Works, for lack of an increased budget, which we cannot envision, I would like to see daily concern for the deplorable state of our hospitals and dispensaries, the filth of the pot-holed streets of our towns, and a foul-smelling capital that has become unworthy of the fame of Haiti and an obstacle to tourism—a daily concern buttressed at this difficult juncture by the civic aid of the neighborhood committees and by the people's generosity, in a fraternal konbit [Creole concept involving cooperative action]. I would like to see the mobilization and solidarity of both our human resources and the many contributions our people are willing to give, in order to quickly erase the intolerable tableau of deterioration and the damages caused by the brigandage of which this nation has been a victim. [applause]

As regards our foreign relations and the assistance given us by friendly powers, I hope a fruitful collaboration will be maintained and accelerated—with our great neighbor the United States of America, France, Germany, Canada, and the Republic of China, to name only a few of the fraternal nations of Europe, America, Africa, and Asia that entertain friendly relations with us and which I would like to maintain and pursue without any mental reservations, with mutual respect and the loyalty existing among members of a universal family. With the enlightened assistance of our foreign ministry and our diplomatic representations abroad, I will personally exert myself to complete and perfect these relations.

Haiti does not intend to extend toward this international assistance a beggar's cup. My immaculate dress and my prestigious reputation, as a Haitian woman rushing to serve my country alone, would forbid me such a downfall. [applause] Nevertheless it is true that the country that helped Bolivar and Miranda liberate a great portion of America; the country that contributed in Savannah to the independence of the American federation and which, for such a long time, remained the only country to defend and illustrate French language and culture on this continent; the country that taught the New World the ideals of Pan-Americanism, freedom, and fraternity; our poor country, today impoverished and ruined by the cruelties of an implacable destiny, would not refuse to recognize a debt of honor among fraternal friends, though it might propose to cover its nudity and relieve its extreme poverty. We will be grateful not for handouts but, we repeat, for compensation owed us [cheers and applause]—if the potential donor has not dislodged in his memory the remembrance of our good turns, or the consideration due the stirring example of what was originallym and until just recently, the doctrine of fraternal Haitian mutual aid.

During this period of transition, what I would like is massive emergency aid to permit us to increase the number of jobs in the nation's nine geographical departments, so as to divert the population from the dangers of idleness and the temptations of potentially harmful adventures. That is the price to be paid for the climate of calm, indispensable to the success of our difficult march toward democracy. Would it not be the duty of the United Nations and other friendly powers, who are concerned with this passage and who insistently invite us to effect a beneficial peace, to help us in this way, as was done just recently in certain Central American countries? [light applause]

A special word must be said about our relations with the Dominican Republic, with which we have special ties strengthened by geography and history. Passing disturbances may, perhaps, not have always been simple family or neighborhood quarrels, but may have taken the path of bitterness or of futile clashes over differences in origin and culture. We would like to see urgent remedies applied to the hardships of the Haitian canecutters and effective regulating of commercial exchanges, which have, up to now, benefited only one of the parties. [light applause] This double redress will consolidate the relations between our two countries, which share a single island and live under a single sky in this landscape of intermingled land, dominated by the same mountain ranges and watered by the same rivers.

Speaking of rivers, please excuse me that my speech is beginning to resemble one. Not to wear out the audience, I will end this survey of our situation here and, on some future occasion, will express my concerns or my directives and those of the Council of State, when immediate precise plans will have been decided upon, after practical deliberations with a view to immediate improvement in the domains of agriculture, national education, and social affairs.

I can already assure you that at the Social Affairs Ministry, the unions and the corporations, workers and employers, will henceforth find authorities willing to listen to their demands; that at the Ministry of National Education, while initial difficulties have been detected and the just needs of the teaching corps and students are still stagnant, the preparation of our brilliant youth will be the indispensable driving force of this country's future.

To these domains and to agriculture as well, which is linked to industry and which remains the milk cow and source of our means of existence, we really must, even during this transitional period, give new impetus.

Members of the Cabinet, I have tried to indicate the essential orientations that I intend to impress upon the government in close collaboration with the Council of State and with the indispensable assistance of the Army,

if, henceforth, each of us contributes to this first stage of the national rescue, the assistance of his faith and his patriotic wisdom. To all of you I say, in the new inspiration that is propelling us, and according to the formula currently in fashion: Have a good trip. And to you ministers, whom I am happy and confident to install: Be of good heart! Get to work and may God help us. [applause]

Union Federations Call for Changes in Government

FL1603191190 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 15 Mar 90

[Excerpts] The union federations have once again called for a change in the Haitian Government's traditional structures. Otherwise, they say, as much will have been accomplished as if one had washed one's hands and then wiped them on the dusty ground to dry them. In a statement issued on 13 March, the union federations say: We believe more than ever that the fundamental objective of the struggle we are waging remains to question the traditional structures of the Haitian Government, so we can have a different kind of government in Haiti—one that will respect everyone's rights. [passage omitted]

All we have managed to obtain today is a historic compromise—an executive issuing from a government structure that we do not want and a new institution, the Council of State, that must organize and carry into that government the social demands of the civilian society. These two entities make up the government.

The presidential part of the executive branch of the government must give proof of a spirit of openness [ouveti] and unshakeable flexibility with regard to this Council of State. Both must anticipate that the sectors that do not want change are going to try to take advantage of the slightest conflict between these two parts of the executive to try to block the current democratic process and make a macoute [the announcer explains] comeback. The union federations—CATH [Autonomous Organization of Haitian Workers], CNEH [National Confederation of Haitian Instructors], CTH [Confederation of Haitian Workers], FOS [Federation of Workers Trade Unions], OGITH [General and Independent Organization of Haitian Workers], and SEEH [expansion not known]—think the objective today is to stabilize and make dynamic [?the government], to be able to establish a rule of law in Haiti.

The first objective is to strengthen the Council of State, so that it can become the real, organized expression of the Haitian people's basic demands within the government; so that it will not be the hostage of a government apparatus that the entire civilian society hates.

The union federations call for a continued lucid, realistic mobilization, not one that calls blindly for just any kind of action but one based on reality, on the lucidity and accurate perceptions of all the civilian society's organized sectors—so as to preserve and expand what was obtained on 13 March 1990.

They also appeal to the sense of responsibility and realism of the Assembly for Concerted Action and the popular sector political organizations with regard to the mandate of the current provisional government and its objective limits. The union federations say: It is urgent that a consensus be reached. The consolidation of the current political process depends on it. [passage omitted]

The union federations think that the provisional government within the framework of its mandate must guarantee the security of citizens in Haiti. Insecurity is a big problem about which the nation wonders daily in connection with the real desire for change of those in power. [passage omitted]

The union federations ask that effective measures be taken quickly to disarm all civilians or paramilitary groups possessing weapons of war or stocks of any other weapons at home. [passage omitted]

Also, the high cost of living could give rise to dramatic social tension that could lead to a major upheaval. Such a situation is not at all in keeping with the calm necessary to set up an electoral process. The union federations ask that measures be taken immediately to reduce the cost of living and that an end be put to corruption and contraband wherever they appear in Haiti.

They also ask that the Haitian people's legitimate aspirations for clean and equitable justice be satisfied by setting public action in motion against those who have left many victims among the nation's children and have caused great damage to society.

The union federations also want guarantees for democratic freedoms. The electoral process requires that democratic freedoms be properly respected. Also, one of the nation's fundamental acquisitions remains the right to organize. While acknowledging the need to rid the public administration of a number of high-ranking officials responsible for corruption and organized disorder, the union federations ask that a number of dismissals of low-level employees and middle-level cadres be stopped. On the contrary, the reinstatement of a number of low-level employees and middle-level cadres fired abusively at the end of the Avril government, especially at Minoterie d'Haiti and the National Port Administration, should be envisioned. [passage omitted]

The union federations ask that the following things be guaranteed: respect for human rights, respect for freedom of the press, the right to assemble, and union rights. [passage omitted] The creation of a climate of confidence in the current civilian government is necessary and will depend largely on a concrete response to these popular demands. [passage omitted]

Signing for the union federations are: (Raphael Dickens) for SEEH, Joseph Manusi Pierre for CATH, Carl Henri Guiteau for CNEH, (Jean-Philippe, Gesner) for OGITH, (Benin Joseph) for FOS, and (Vernard Brice) for CTH.

This text is very long and is written in French. It was very difficult for us this morning to (?summarize it).

Lalue Nuns Attacked, Wounded by Hooded Thugs

FL1903153590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Mar 90

[Excerpts] [First announcer] The forces of darkness have once again begun striking in darkness. On the night of 17 March four young masked men armed with revolvers, machetes, and clubs attacked the residence of the Lalue [Haiti's biggest and best known, private, girls school] nuns, the Saint Joseph de Cluny nuns—also known here as the Lalue nuns. Eight nuns were wounded, four were hospitalized.

[Second announcer] At approximately 0200 on 18 March, a group of four individuals armed with machetes and clubs attacked the Sisters of Saint Joseph de Cluny at College Sainte Rose de Lima, on Lalue [street also known as John Brown Avenue]. The nuns administer this school. The intruders cut the telephone lines to the school before entering and attacking the nuns. The evildoers, who wore hoods over their heads, wounded a total of eight nuns. Four nuns—three of them French and one of them Haitian—are in very serious condition in the hospital. The other four were treated and released. They will continue treatment at home.

Sister Marie-Pierre, the most severely injured, suffered a machete blow to the head. The doctors say her condition is extremely serious. The evildoers, one of whom had a revolver, did not even hesitate in hitting a 74-year-old nun. The bandits also beat the maids at the nuns' residence before stealing the money from the school coffers.

In view of such a repulsive act, the nuns were unable to make statements yesterday. Shock, pain, and sorrow were felt at Lalue yesterday. We saw French Ambassador Jean Raphael Dufour, former students, and friends of the nuns at the school yesterday morning. They had come to help the nuns get through this grave moment. The three French nuns had left their country to come help Haiti progress in the field of education and other areas.

The police, whom the sisters themselves called immediately after the attack, arrived at the school at approximately 0600 yesterday morning.

In commenting on this attack, people say the weapons used make this attack greatly resemble the murders committed on Vaillant Street on 29 November 1987, as well as the sacrilegious act committed by the men wearing red armbands at Saint Jean Bosco Church [on 11 September 1988] who did not hesitate to burn down the house and temple of God. [passage omitted]

Who is going to put a stop, really put a stop, to these things? In view of this act, Dr. Louis Roy, with whom we talked at the school yesterday morning, thinks the Haitian people should form vigilance brigades to provide security for themselves; and he sees in this act an act of intimidation—but one which should not make the Haitian people back off from its will to change things.

[Begin recording] [Roy] I repeat: If the Army is incapable of providing security for the people, it must ask the people to help. That is the truth.

[Reporter] Are you talking about vigilance brigades?

[Roy] Yes, sir; yes, I am. In my opinion, either the Army is capable of providing security or it is not. If it is not, let it ask us all to help and we will help.

[Reporter] Dr. Roy, do you interpret what has happened here as a mere incident, or something more complex?

[Roy] How could I possibly know? [passage omitted] Is it simply people who perhaps used to work here and came to steal because they are looking for money? Or is it an act of intimidation meant to show everyone.... As if to say: Look at what we have done, even to nuns? Neither you nor I can answer those questions.

Given the nation's serious current situation, I would not like for us to make any wrong interpretations. We do not have a right to accuse anyone, or even mention suspicions. We, however, are all anxious. We are more than anxious, actually. People are now beginning to get scared, to wonder what might happen next? [passage omitted including reporter's question] This is not a simple incident, but no one can affirm that it is not the action of thieves. [passage omitted]

This is an extremely serious, grave incident, more so because it happened to a religious community. I do not mean to imply that it would not be serious if it occurred at your house or mine. But to enter a religious community during the night to attack nuns, beat them, and even chop one of them up with a machete is very serious. [passage omitted]

Whoever wants to scare us may as well realize that he can no longer scare us. Nobody is afraid to die anymore. If someone wants to kill me, for example, he will do so in my own yard or in the streets. I will not carry a weapon and I will not go around with a bodyguard. [end recording]

Reactions to Violence Noted

FL1903175590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Mar 90

[Excerpts] [Announcer] There has already been reaction to the attack committed against the Lalue nuns, the Sisters of Saint-Joseph de Cluny who run Sainte-Rose de Lima School, coming first from the Movement for the Organization of the Country, or Workers-Peasants Movement, MOP. Gerard Philippe Auguste, the MOP's

doyen, says he was shocked and very indignant to learn that macoute bandits had attacked the Lalue nuns. [passage omitted]

[Begin Auguste recording] [passage omitted] More than ever the watchwords are vigilance and mobilization. It is out of the question for the Haitian people to mute their demands. [passage omitted] [end recording]

[Announcer] There is also reaction from Max Bourjolly, second in command of the Unified Haitian Party of Haitian Communists, who says that this act falls within the framework of actions committed by the forces of darkness to destablize the new government, provoke a reaction from the Army, and sow disorder in Haiti, thus encouraging foreigners to invade Haiti. These forces will not forgive General Abraham for keeping his promise to turn the government over to a provisional civilian government. Government authorities must react quickly, especially since they are already on the track of certain criminals. Bourjolly remains optimistic because there is a will on the part of both the Army authorities and the civilian government to change the situation.

[Begin Bourjolly recording] It is not just committing acts. It is a series of punches, a series of commando actions, a series of terrorist actions aimed at several different sectors. Among the bourgeoisie, too, is a list of people to hit, because they need to do something that will strike fear into people, that will horrify. It is by doing things like this that they think they can turn the situation around.

We believe the public powers must react, and quickly, so the population can see the results of their reactions, so we will not continue having those perpetually ongoing investigations that never yield any results. The authors of these acts are known. Different government sectors already have the names of some. And we think that if they closely interrogate those who are in their hands, these people might reveal the names of their companions—because these are not people motivated by any ideology. Their only idea is to remain in the government to steal. In the last analysis, they will sit down at the table and give the names of their acolytes. Most of those who are chiefs are known by Army authorities. Thus, an investigation leading to the real perpetrators of these acts should not be difficult. [passage omitted].

I am obliged to be optimistic. If not, we would not have continued to wage the struggle under Gen. Avril and with all the personal danger involved. However, we cannot be blindly optimistic. The problem could become more complicated if the population suspends its mobilization and vigilance, if vigilance brigades are not formed, if the Haitian Army fails to understand that its enemy exists not in the Haitian people but in the undercover detectives—the enemy is even certain soldiers linked with the undercover detectives who are sowing terror—and if the Haitian Army does not clean itself up and help the population clean up the country. And at that time we, for our part, would be obliged to call on the Haitian masses to provide the final solution. However, for the time being we think that the will exists in the military hierachy, particularly in Gen. Abraham, and in the State Council to take steps to seek out these people and reduce them to impotence.

We hope that the government will be formed quickly so they can begin to take urgent therapeutic measures. [end recording]

[Announcer] Lalue alumni are going to hold a mass and procession down Lalue Street this morning, 19 March, in solidarity with and to demand justice for the nuns.

Soldiers Fire Inside Church in Cap-Haitien Raid

FL1903182590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Mar 90

[Excerpts] [passage omitted] [Announcer] Our correspondent informs us that soldiers in olive-green uniforms effected a raid in Quartier Morin [in Cap-Haitien] on the morning of 18 March. They beat many people and fired shots inside the church. Let us listen to our correspondent for northern Haiti, James Saint-Julien.

[Saint-Julien] [passage omitted] There is much talk of repression in northern Haiti, where soldiers this morning raided Quartier Morin and rained blows on the entire population. They fired off many rounds and beat the paupers who were fleeing in front of the church. They even fired off many rounds inside the Catholic church in Quartier Morin, and made numerous arrests. Several area residents say these soldiers came to the area because they felt there was a breeze of uprooting blowing in that area. [passage omitted]

We must tell you that the image of the general who left is still strongly imprinted on the whole of northern Haiti, where repression continues with even greater vengeance in Limbe, Quartier Morin in Cap-Haitien, and many other places. This is James Saint-Julien, Radio Soleil, Cap-Haitien.

'Red Light' Intruders Disrupt Demonstration

FL1903185790 Port-au-Prince Radio Antilles Internationales in French 1800 GMT 16 Mar 90

[Report by Ronald Jean from Cap-Haitien— monitored in progress]

[Text] A demonstration to clean up the public services organized by the coordinating body of Cap-Haitien neighborhoods was broken up by a parallel group, said several different sources on 16 March. All reports agreed with one another.

Some 100 people gathered near the cathedral in Cap-Haitien to begin a demonstration which was to result in the uprooting of certain elements linked to former regimes and to drug sectors. At approximately 1010, intruders who go by the name of Red Light [Lumiere Rouge] surprised everyone, wearing hoods over their

heads and armed with long pointed objects, knives, and other kinds of cutting weapons. They kidnapped Max Montreuil near La Fossette, releasing him 30 minutes later. Observers say it appears as though he was not harmed by his kidnappers. Meanwhile, he has not yet made any statements to the press.

According to first reports, the group who kidnapped the coordinator of the Cap-Haitian neighborhoods is connected with some of the elements named by the people as ones who must be uprooted [dechouke]. At approximately 1100, all private and public sector service workers stopped their activities and sought shelter. It should be noted that the objective of the demonstration was to get the macoute elements fired; however its entire attention is now concentrated on the notion of Bob Lecorps [several unidentified demonstrators speaking simultaneously.

Jamaica

JLP Support Seaga; Restructuring Rumored

FL1903160390 Bridgetown CANA in English 2039 GMT 17 Mar 90

[Report by Julie Chen]

[Text] Kingston, Jamaica, March 17, CANA—After successive defeats in a general election and two local government polls, the Jamaica Labour Party [JLP] is expressing confidence in leader Edward Seaga but seriously considering a restructuring.

"Seaga's leadership is strong and dynamic," said JLP chairman Bruce Golding in defence of the party leader against critics who say he should step down. He brushed aside rumours of dissent in the ranks against Seaga's leadership.

Defeat in March 6 local government elections has "not left the party in any sort of bewilderment," he told CANA (CARIBBEAN NEWS AGENCY) in an interview.

In fact, Golding said, the loss has reinforced what the JLP and its leadership have recognised for some time—that a lot of work needs to be done in publicising the party's message and in intensifying the restructuring of the party. The JLP under Seaga has come to be perceived by some as the party of big business, a far removal from the strong trade union base established by its founder Sir Alexander Bustamante in the early 1940's.

Deputy leader and top unionist, Pearnel Charles—seen by some as representing the left of the JLP—in a speech after the February 1989 general election defeat said he wanted to see the JLP returned to being the party of Bustamante.

The party lost the 1986 local government elections, and last year's general election in which it had sought an unprecedented third term in office.

In the March poll, the JLP has won 36 of the 187 divisions contested, while the ruling People's National Party [PNP] won 127. At March 17, final results are not yet available for 24 divisions. Of the roughly 1.12 million electors, only 515,452 persons voted and preliminary results show that the PNP won about 60 percent of the votes while the JLP captured about 40 percent.

In the wake of the party's crushing defeat, some analysts have suggested that Seaga should resign as party leader as he was an electoral liability. They believe that the JLP under Seaga stands little chance of winning again at the polls. The latest JLP defeat, said University of the West Indies (UWI) lecturer Edwin Jones, raises questions about the party's leadership and doubts about who is leading the party.

Since the last general election, Seaga has kept a low profile, concentrating mainly on building his new company, Premier Investment Limited. As prime minister he was characterised by some as being an autocratic one-man band and is widely perceived as being cold and aloof.

Golding, who it is rumoured is being groomed by Seaga to succeed him, denied that the JLP leader is an electoral liability although he acknowledged that Seaga was not "infallible." "I think he has the sheer strength and nerves of steel that are necessary to lead the country at this time," he stated.

Seaga has offered his resignation on at least three occasions, and each time his offer has been rejected. Some senior members of the party have privately expressed dissatisfaction with Seaga as leader and political analysts say there has been jockeying for his job. They say the challengers have not been vocal because they do not want to jeopardise their own chances of advancement within the party.

Whether or not Seaga remains as leader, said a UWI lecturer who did not wish to be named, the party will have to re-examine its role and see to what extent it has been weakened performance in the last three elections [passage as received]. According to Golding, the party has not been weakened by its poor showing at the polls. He said that one of the failures of the party's campaign in the March elections was that its view on local government was not effectively communicated to the public. The JLP, he said, saw local government operating as a system of municipal management, overseeing the various local government functions.

The PNP portrayed them as destroyers of the system after Seaga had switched certain responsibilities to central government ministries, saying that local government as existed promoted a regime of political patronage and tribalism.

The party also sought to use the polls as a referendum on the government's performance, arguing that the PNP had destroyed the economy in its first year in office. The party, Golding asserted, must undergo some changes in

its policies and strategies. It must be prepared to modify its views based on changing circumstances, he said. The JLP must begin a process of consultation and dialogue outside of the party with various interest groups, with members of the private sector and with people at the community level, according to Golding.

"I think more and more we cannot assume, as we perhaps have had the luxury of doing in the past, that people vote you in and simply leave everything to you and hope and trust that you will do the right thing," he said.

"I think more and more, we are going to have to involve people in shaping the party's programme so that when we do enter the next election campaign we will be going with a programme that had been canvassed among the people and in which the people have had an input."

The party, he said, will also be pushing ahead with plans, which began last year, to restructure. Several proposals for change are to be presented for ratification later this year at the annual party conference while some will be implemented before the end of the year. In the end, said Golding, Jamaicans will see an opposition which has done a great deal of preparatory work and which will push issues rather than just being critical of the government.

Netherlands Antilles

Governing Alliance Captures 10 Seats in Elections

FL1703175290 Bonaire Trans World Radio in English 1230 GMT 17 Mar 90

[Text] In Curacao, Prime Minister Maria Liberia-Peters and her governing alliance captured 10 out of 22 seats in elections in the Netherlands Antilles. Radio Netherlands says it is likely that she will continue a coalition of her National People's Party and the [word indistinct]. She will be calling for political autonomy but not complete independence from Holland saying that more efficient ways of administering Curacao need to be found.

On Bonaire, the Green Party or Patriotico led by Rudi Ellis appears to have the best voters support. In total votes for island council they received more than the other three parties put together.

Agreement With Colombia To Combat Trafficking

PA1903192490 Mexico City EXCELSIOR in Spanish 25 Feb 90 pp 4-A, 40-A

[Report by Leticia Hernandez Montoya]

[Excerpt] Tuxtla Gutierrez, Chiapas, 24 Feb—Colombia Ambassador Oscar Perez revealed that the Mexican and Colombian Governments have signed cooperation agreements aimed at fighting drug trafficking. He also noted that Mexican President Carlos Salinas de Gortari has waged a continuing battle against this scourge afflicting humanity.

A great deal has been said about drug trafficking in my country, the diplomat noted, but although the topic has become trite, it is still a matter of concern.

Perez added that the tension caused by drug trafficking has eased now and that the recent Cartagena summit, along with the agreements and measures adopted, will contribute to achieving the goal of a diminished drug trade in Latin America. [passage omitted]

Canada's Mulroney, Salinas Conclude Agreements

PA1803200190 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 17 Mar 90

[Text] Mexican President Carlos Salinas de Gortari and Canadian Prime Minister Brian Mulroney held private talks yesterday and concluded a package of ten agreements which are the framework for a new stage in Mexican-Canadian relations. The agreements strengthen and reaffirm relations and underline the protagonist view two countries have of the changes taking place in the world. This was stated by President Salinas.

[Begin Salinas recording] The agreements and political rapprochement between Mexico and Canada demonstrate our determination to participate in the vanguard of world transformation for the benefit of all our people. [end recording]

Meanwhile, Canadian Prime Minister Mulroney stated that the conditions are right for the two nations to strengthen their cooperation.

[Begin Mulroney recording, in English] Most basically, we share the conviction that by reforming our economies and opening them to the world, Canadians and Mexicans alike will benefit from the dynamism and the efficiencies of the rapidly integrating global economy. [end recording]

President Salinas and Prime Minister Mulroney signed 10 bilateral agreements yesterday dealing with extradition, the exchange of tax information, customs, trade and investment, agriculture-livestock cooperation, forestry cooperation, environment, tourism, legal assistance on penal matters, drug trafficking and drug dependency. The agreement on trade and investment emphasizes the will of both countries to facilitate the flow of trade and investment and to exchange information on the existing regulations dealing with both topics. Also, it seeks to promote cooperation and consultations between the two parties in support of their respective economies and priorities.

Before meeting with the president, the Canadian prime minister paid tribute to the country by placing a floral wreath at the Altar of the Fatherland in Mexico City. Later he went to City Hall where he was declared a distinguished guest and given the keys to the city.

After a private luncheon with President Carlos Salinas de Gortari in Los Pinos presidential palace, the Canadian prime minister met with members of the Chamber of Deputies in the afternoon. In the evening he attended an official dinner hosted in his honor by the Mexican Government.

[In a similar but shorter report on the agreements signed by Mexican President Salinas and Canadian Prime Minister Mulroney, Mexico City XEW Television Network in Spanish at 1700 GMT on 18 March adds that Mulroney departed Mexico City "this morning" at the end of his three-day visit]

New Human Rights Group on 'Rising' Violations

FL1303184090 Mexico City NOTIMEX in Spanish 1554 GMT 13 Mar 90

[Text] Mexico City, 13 Mar (NOTIMEX)—To handle the rising trend of human rights violations, the Human Rights Commission has been created here, according to Mariclaire Acosta, the president of the new organization. The organization is composed of laymen, intellectuals, lawyers, priests, and politicians. As Acosta has stated, the Mexican Human Rights Commission will have the central goals of providing legal aid to the victims of human rights violations and denouncing these violations by reporting them in the media.

In a document read during the assembly held to create this organization, the most important human rights violations that occurred between July 1988 and February 1990 were announced. The document revealed that the most common violations were homicides for political motives, genocide and exploitation of indigenous groups, kidnapping, and the forcible disappearance of people at the hands of government or paragovernment agents. It also mentioned violent evictions, arbitrary arrests, the torture and extortion of refugees, and denial or twisting of information concerning cases of human rights violations.

Government Announces Two More Privatizations

PA1903185790 Mexico City Red Nacional 13 Imevision in Spanish 1200 GMT 8 Mar 90

[Text] Mexico has continued its economic modernization process. It has also continued to give priority attention to basic and strategic industries, and to turn over state-owned enterprises to the private sector so that

it can invest, in a healthy fashion, and in accordance with the laws and guidelines established by the government.

Thus, the government today announced the privatization of Altos Hornos de Mexico and the Lazaro Cardenas-Las Truchas Iron and Steel Works [Sicartsa].

Programming and Budget Secretary Ernesto Zedillo Ponce De Leon told Congress that this decision is the based on four general principles: 1) to increase the state capacity to meet priority social demands; 2) to carry out an effective state economic policy regarding the steel industry that is congruent with national goals; 3) to effectively promote the development of the country's steel sector; and 4) to secure investments demanded by the modernization of that sector, a modernization the public sector cannot carry out because it has to take care of other strategic, priority areas.

Zedillo explained that the country needs a modern and competitive steel sector that can meet current demand. To reach this goal and carry out projects currently under review, the country would need a 6.3 trillion-peso investment over the next few years. However, this figure is equivalent to that which would be needed to build 315 large hospitals, more than 300,000 schools, almost 160,000 low-income houses, or 6 percent of the energy capacity or 6,000 kms of road. This means that the government's decision to privatize these two enterprises makes sense. This policy has been conducted over the past two years in an effort to make the government apparatus more efficient.

The privatization of Telefonos de Mexico was also announced recently in an effort to obtain investments of more than $10 billion over a 6-year period. It must be recalled that the structure made up of public enterprises was expanded in line with government programs applied in the past; programs that operated with large budget deficits. Consequently, the number of public enterprises rose from 491 in 1970 to 845 in 1976. By 1982 the figure rose to 1,169. Then the government implemented a policy aimed at rationalizing public spending and this resulted in a decrease through the dissolution of state-owned corporations, or the sale, transfer, liquidation, or regrouping of these enterprises. There were 746 enterprises left in early in 1989; by October of that year the figure had dropped to 402; and, to date, there are only 389, a figure that will decrease gradually when the privatization of Altos Hornos and Sicartsa is formalized.

Authorities said that in these two cases, as well as those of other corporations already privatized, they will guarantee full respect for the rights of workers.

El Salvador

Coprefa Says FMLN Attacks Soldiers in Cabanas

PA1903141190 Panama City ACAN in Spanish 2009 GMT 16 Mar 90

[Text] San Salvador, 16 Mar (ACAN-EFE)—The Salvadoran Armed Forces charged today that a group of guerrillas attacked a contingent of soldiers in the town of Victoria, northeastern Cabanas Department, from a settlement for displaced persons. There were no casualties.

The Armed Forces Press Committee (Coprefa) has stated that the rebels fired M-60 machine guns at a patrol of soldiers passing by the Santa Marta settlement, where some 3,000 displaced persons live.

The military report said that the incident took place on 15 March and the soldiers did not answer the fire.

However, the Christian Committee for Displaced Salvadorans (CRIPDES) denied that there are any armed persons in this settlement, where the persons who recently came back from the Honduran camp of Mesa Grande are living.

Tomasa Ruiz, spokesperson for CRIPDES, said that the charges "are a direct threat" to the security of the displaced persons in Santa Marta. "This does not mean," she added, "that there are no confrontations taking place outside the camp, but there are no armed persons inside the camp."

The Armed Forces have said that the guerrillas are hiding among the civilian population, to attack the soldiers.

On 11 February, one adult and four minors were killed and 16 others were wounded when a Salvadoran Air force helicopter strafed a camp of displaced persons in Corral de Piedras, Chalatenango Department. On that occasion the Army said that the guerrillas attacked the government troops from the settlement of refugees who returned to the country late last year, after having lived nearly one decade in the Honduran camps.

In addition, the Armed Forces said that three soldiers had been wounded during fighting with the guerrillas in the town of San Jose Guayabal, in the central Cuscatlan Department.

These charges were made public on 16 March when the Farabundo Marti National Liberation Front (FMLN) announced a suspension of sabotage actions on public transportation, business establishments, and the telecommunications center, as well as attacks on civilian officials.

The Army also maintained that the rebels blew up five electricity towers in San Vicente and Morazan Department in the center and northeastern parts of the country. The rebels also harassed soldiers who were guarding an electricity station in a town of Santa Ana Department and a military checkpoint on the bridge over the Acelhuate River in Aguilares, north of San Salvador.

According to the military report, these harassment actions by the rebels did not cause any casualties.

Bomb Causes Power Outage in San Salvador

PA1903145990 Panama City ACAN in Spanish 1430 GMT 19 Mar 90

[Text] San Salvador, 19 Mar (ACAN-EFE)—A bomb went off this morning near an electric tower in San Salvador, leaving a large part of the city without energy, but no casualties have been reported.

According to unofficial sources, the bomb—allegedly detonated by urban guerrilla commandos—blew up a power tower in the northwestern part of San Salvador at 0650 (1250 GMT).

On 16 March, the Farabundo Marti National Liberation Front (FMLN) decreed a suspension of its attacks on civilian government officials and of its sabotage operations against means of transportation, businesses, and telecommunications.

That decision, aimed at creating the appropriate conditions for a new round of talks with the government, does not include the energy system or Armed Forces' members and installations.

MRU Opposes Higher Education Draft Law

PA1903191390 San Salvador DIARIO LATINO in Spanish 13 Mar 90 p 5

[Statement issued by the University Reform Movement—date and place not given]

[Text] In view of the current situation of the University of El Salvador, the University Reform Movement [MRU] states:

1. The social, political, and economic situation El Salvador is experiencing demands feasible solutions to our problems to overcome the current crisis, which has been worsened by the armed conflict. The armed conflict was caused by structural factors. And the needy majorities have been excluded from the distribution of the country's wealth. At this historic moment, the UES [University of El Salvador], which is loyal to its principles, goals, and objectives, must use all its energy and must make all the necessary efforts to contribute to the overall development of Salvadoran society.

2. Aware of the fact that the university must respond to the country's reality because of its academic structure and its duty to point out mistakes, our movement believes that all the university's administrative, academic, and legal structures must undergo profound changes.

3. The current working conditions created by the military intervention at the university failed to halt the institution's academic and administrative activities, which proves that the university community is very interested in keeping "the university alive."

4. The occupation of the university campus goes completely against the current government's democratic rhetoric. The occupation limits the university community's right to study and work and hinders cultural and scientific development, which are basic factors for the country's social progress.

5. In view of the failed attempts to try to break the links between UES and the interests of the majority, the government now intends to take control of UES through a new higher education law, which is currently a draft law under discussion in the Legislative Assembly. It is an antidemocratic law, because it denies the university community's right to participate in the decision-making process. It is a repressive law, because it limits the university community's freedom; it harms our history, because it denies overall scientiic and technological development; and it is unpopular, because it intends to place UES at the service of our country's privileged minority.

In view of the aforementioned situation, MUR expresses its decision to:

Continue promoting the university reform; to contribute to our university's continued operations through any circumstances; to support all activities leading to the recovery of our campus; and above all to make the utmost efforts to defend the university's autonomy, which is seriously threatened by a higher education draft law that does not respond to the Salvadoran society's current and future demands.

For the university reform!

MUR

Guatemala

Government, Military Charged With Crimes

PA2003030090 Guatemala City PRENSA LIBRE in Spanish 14 Mar pp 2, 59

[Text] At the Fifth District Court on 13 March, Fernando Minera Navas made serious accusations against important government and former government officials, politicians, one relative of President Vinicio Cerezo, one relative of the Christian Democratic Party's [PDC] presidential candidate, and high-ranking military officers in connection with smuggling activities of various kinds, including drug trafficking.

Minera, ex-delegate of the Presidency's Administrative Control Department [Decap], made these accusations during the public hearing held on 13 March where he is being tried.

According to Minera, members of the Army's Second Section, known as G-2, and high-ranking National Police officers were also involved in drug trafficking. He charged that immigration officials participated in smuggling foreigners into the country, particularly Hindus and Pakistanis, when Cerezo's brother was the department head.

In addition, Minera told Magistrate Napoleon Gutierrez that the Decap director, Lieutenant Colonel Hugo Francisco Moran Carranza, had told him that, following Cerezo's instructions, all information on this matter should be kept secret because, if disclosed, it would "mar the image of the government and the Army."

Lt. Col. Moran became notorious when the U.S. Embassy withdrew his visa. Presently, he is president of the Santo Tomas de Castilla National Port Corporation.

Minera also said that an attempt to kidnap his son took place a few days ago and, for this reason, he is holding the National Police, G-2, and others that he might mention later, responsible for anything that might happen.

Minera said that his duties as a Decap delegate at the airport were to fight corruption in state agencies and, for this reason, G-2 and National Police members looked on him with suspicion. Minera reported this to Decap Director Lt. Col. Moran.

Minera added that personnel under him were also involved in illegal activities. At 1000 on 1 August a subordinate of his, Rolando Moises Fuentes de Leon, was illegally and forcibly taken to the National Police headquarters by members of the Criminal Investigations Department [DIC].

Fuentes had been accused of drug trafficking. I went to the office of the DIC director, Army Reserve Captain Mario Mendez Barraban, who told me that Maynor Vasquez Castillo, cargo assistant of Aviateca, had said that the suitcase had been received by a person "who resembled me," Minera said.

Minera admitted talking to his accuser Vasquez, but denied delivering the suitcase with 25 kg of cocaine. The suitcase was opened by Aviateca personnel, who confirmed that the suitcase contained 25 packages of cocaine. "Strange that G-2 and the National Police only sent 21 kgs to court," he added.

Minera said that Estanislao Lopez, also an Aviateca warehouseman, was with him when the suitcase was allegedly delivered. This was reported to the DIC director, who phoned the National Police chief, who in turn ordered Minera arrested, without the proper warrant. Minera said that the suitcase was carried by Brigido Javier Fuentes Orozco, then head of baggage at Aviateca, who has never been detained. Six hours after Minera mentioned Lopez as a witness, Lopez was kidnapped at La Aurora Airport. His body, showing signs of torture, was found in San Cristobal the next day.

Minera also said that he and his family have been threatened and harassed. He added that it has been

reported to the authorities since October, but they have done nothing, arguing that "the matter is very delicate."

According to Minera, "Lopez also saw me arrest a brother of then Foreign Minister Alfonso Cabrera Hidalgo with drugs at the airport. This man's driver was Erick Ralda Batres."

Minera said he was detained for 15 days. During this time, Moran and Aviateca personnel gave their statements three times; each time they told the same story. Minera added that later these people were pressured to change their statements.

Fuente's arrest was ordered as soon as I was released, Minera said, but it was impossible to detain him because he was protected by G-2. I wonder who else the security forces are protecting while they are accusing me.

Two hours after I was released, Minera said, the police spokesman accused me of being an international drug trafficker. I asked: Why have I been accused in as little as two hours while other cases involving top officials are still pending?

Minera said that other irregularities have occurred in the past 15 months. On several occasions, for example, cars with diplomatic license plates arrived at the airport to pick up suitcases from Colombia.

Regarding smuggling in foreigners, Minera said that six Hindus, who had arrived illegally, were detained at the La Aurora Airport and returned to Nicaragua, where they were coming from. The Hindus returned to Guatemala three days later. The Aeronica district manager came to see the airport captain and myself. She told us that she had been offered $10,000 for every Hindu entering the country.

Then, according to Minera, the airport captain drafted a document, which was signed by Milton Cerezo, former General Immigration director, the Nicaraguan consul, and the immigration official at La Aurora Airport. I do not know why the Hindus were authorized to stay in Guatemala 72 hours, he said.

Minera said that five Pakistanis were detained by G-2 on 15 September, 1988. They, along with the immigration delegate at the airport, were taken to a house in Atlantida Barrio, Zone 18. They were captured by Interpol on 16 September. Their passports had been stamped by the Immigration Department. Moran had told me that their passports had been lost at court.

Minera continued: I told Magistrate Rivera Claveria that if I was accused of a crime that I did not commit, I would tell everything, because I am not asking for any special favors.

Minera also said Moran told him that an unidentified high-ranking military officer had offered him money to accuse me of being an international drug trafficker. Minera added that Moran told him that he should stay in prison for one year to clear the names of other people.

Finally, Minera said two deputy ministers told him that if he would accuse two top PDC leaders, he would be released in 48 hours. This happened in October, but Minera refused. After this, he requested his release.

Rebels Kill Police Chief in San Marcos Town

PA1903141290 Hamburg DPA in Spanish 1817 GMT 18 Mar 90

[Text] Guatemala City, 18 Mar (DPA)—A guerrilla group attacked San Pedro Sacatepequez, a town in San Marcos Department in southwestern Guatemala, and killed the local police chief, the local press reported today.

According to the reports, the rebels entered San Pedro Sacatepequez at midnight on 16 March, and mingled with a crowd that was participating in a religious procession of the Stations of the Cross.

Later, the guerrillas attacked the local police station, killed Police Chief Federico Hernandez, and fled. According to the residents of San Pedro Sacatepequez, they did not notice that the rebels had mingled with the people in the procession.

Honduras

Armed Forces Chief Comments on Disarming Contras

PA1903185390 Tegucigalpa EL HERALDO in Spanish 19 Mar 90 p 44

[Text] General Arnulfo Cantarero Lopez, commander of the Honduran Armed Forces, said that, although the demobilization of the "contras" from Honduran terrritory is a process contemplated in the regional peace agreements, if the Honduran Government orders the Armed Forces to disarm the contras if they offer resistance, the order will be complied with.

The general said that the victory of Nicaraguan opposition candidate Violeta Barrios de Chamorro has obliged the Sandinist Army to turn over power, because that is in keeping with democracy. Otherwise, if the Sandinists refuse to relinquish power, they will face worldwide condemnation.

He said that the armed rebels know that they are subject to the peace agreements signed by the area presidents. "I understand that they are disposed to laying down their weapons when they are given guarantees for their lives," he said.

Cantarero Lopez said that the topic of demobilization is a matter at the Foreign Ministry level, but that "we will obey the central government's order. If they have to be disarmed, we will do so, because the latest agreements stipulated that they must turn over their weapons."

He reiterated that the Armed Forces will obey any government order, and if that order is to use force, they

will do so. He said that "we will hopefully not have to resort to that extreme, because the necessary mechanisms exist."

The military commander said that the return of the rebels is contemplated in the peace agreements that have tasked ONUCA [UN Observer Group in Central America] with the responsibility of ensuring that this takes place before 25 April. He reiterated that the Armed Forces will carry out this task only if ordered to do so by the government.

The contras "must surrender their weapons because they have been part of the problem for our country and the area. Now that everything is settled, they should lay down their weapons and leave peacefully," he stressed.

He also added that the Nicaraguan elections culminated in a return to democracy, which dismisses the possibility of any intervention by foreign groups wishing to overthrow governments.

Cantarero Lopez said the report that he had reached an agreement to fight the Salvadoran guerrillas was pure journalistic sensationalism. He said he had simply paid a courtesy visit to El Salvador as the new Armed Forces commander.

Also, he described the reduction of U.S. military aid to the Armed Forces as "a big cut," but said that it will not change the existing relations. He said the organization will face that decision with austerity programs, because it is aware that it will not be receiving foreign economic aid all its life.

Finally, he said that if the indemnity that the U.S. Government plans to make to Honduras for the damage caused by the "contras" lies within legal bounds, "it is welcome."

Callejas Pleased With Results of Mission to U.S.

PA2003044190 Tegucigalpa EL HERALDO in Spanish 17 Mar 90 p 3

[Text] President Rafael Leonardo Callejas said yesterday that he is pleased because the government mission that went to Washington managed to convince AID to disburse the first $40 million on 28 March.

The resumption of the financial flow "makes me happy" because it will stabilize the currency and will make it possible to streamline Honduras' monetary program, make payments on the debt, and purchase medicine and oil, he stressed.

The international cooperation program was suspended during the preceding liberal administration because Honduras was over $240 million in arrears with the international organizations.

President Callejas said that upon the return of the high-ranking mission, composed of Finance Minister Benjamin Villanueva and Central Bank President Ricardo Maduro, a news conference will be held to inform the Honduran people about the results of the talks with the IMF and AID.

Callejas said that the success in getting AID to disburse $120 million and the progress made on a $240-million bridging loan from the U.S. Government and other nations is recognition that Honduras needs foreign exchange over a short term.

The objective is to make Honduras become creditworthy before the international credit organizations. This is positive because it is difficult to make a country that has been declared ineligible become creditworthy again.

"I am pleased," said Callejas about the resumption of the flow of foreign exchange. The decisions concerning the structural reorganization methods are not agreeable to anybody, but they are necessary.

The people have expressed their views. Some have criticized the measures, but some support them because they know that they are necessary. "We felt that it was necessary to establish these options and we talked about these topics throughout the electoral process. Some people agree with them, some do not. Those who do not will logically be against them and in the opposition. That is democracy and does not bother me," he asserted.

Finally, Callejas said that he will meet periodically with worker, peasant, and business leaders to continue attempts at making a concerted effort. He noted that there are conflicting opinions, but that does not mean a dialogue cannot be held.

Envoy to U.S. Views Callejas' Upcoming Visit

PA1903231590 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 13 Mar 90

["Exclusive" interview with Ambassador to the United States Jacobo Goldstein by unidentified reporter; date and place not given—recorded]

[Text] [Reporter] We understand that while in Washington you will discuss the issues of peace in Central America, Honduras' economic situation, and the reforms enacted by the new government. Am I correct?

[Goldstein] Yes, you are. We will also discuss U.S. bilateral aid for our country and ways in which the United States can best contribute to the success of the new economic program that the Honduran Government has launched.

[Reporter] I just learned that last night the U.S. Senate passed a resolution; a resolution [laughs] that surprised me because of it's promoters: Jesse Helms, a Republican from North Carolina, who is considered one of the most conservative U.S. senators; and Christopher Dodd, a Democrat, who is considered one of the most liberal U.S. senators. A conservative and a liberal promoting an important resolution together...

[Goldstein, interrupting] I believe that this clearly reflects the work being done by the Honduran Embassy at the Congress in Washington to broaden the political spectrum of Honduras' friends. In fact, the U.S. Senate's Foreign Affairs Committee unanimously approved a resolution last night congratulating Callejas for his election and inauguration. A final resolution calls for the Bush administration to immediately release the economic stabilization funds that had been withheld, as a way of showing the U.S. Government's support for the political process that has taken place in Honduras and for the economic program adopted by President Callejas' administration. We are happy about this resolution, mainly because it reflects the support...

[Reporter, interrupting] Shows that there is bipartisan support; support from the entire political spectrum of the U.S. Senate.

[Goldstein] [Words indistinct].

[Reporter] I interviewed Senator Dodd months ago, and he asked that Honduras' funds be released. I remember that the newspaper LA TRIBUNA published an article about the release of about 70...

[Goldstein, interrupting] At that time, it was believed that Dodd's position was unilateral. This time, however, Helms and Dodd cosponsored this resolution and the full committee voted unanimously in favor of it.

[Reporter] Does this mean that there is a possibility that the funds will be released soon?

[Goldstein] The resolution urges the U.S. Government to do so. I believe that the resolution will help Honduras obtain a timely release of those funds, especially now that we have undertaken economic measures. I do not believe that there is any reason to continue withholding them. It is important that the Honduran Government receive those funds at the proper time; that is, when they are needed to support the economic measures that have been adopted.

[Reporter] Speaking of economic measures, I understand that a very high-level Honduran delegation will arrive in Washington this weekend?

[Goldstein] Yes, Central Bank President Ricardo Maduro and Finance and Public Credit Minister Benjamin Villanueva will arrive on the evening of 18 March. They are going to Washington to present an economic program to international financial institutions and to the U.S. Government. They are scheduled to meet with the IMF, World Bank, and Inter-American Development Bank officials. As for the U.S. Government, they will meet with representatives from the Agency for International Development and the Treasury, with whom there will be discussions about certain financial deals. The group will also meet with representatives of financial organizations from friendly countries such as Japan, Taiwan, Mexico, Venezuela, and other countries that might contribute to restimulating the country's economic growth.

[Reporter] [Question indistinct].

[Goldstein] President Callejas' visit to Washington has been in the works since the beginning of this year. We have now decided on when he will arrive, depart, and what he will do in New York. He will make a goodwill visit to Vermont. This visit to Washington will primarily reflect both presidents' interest in discussing bilateral issues. I believe that the visit will be very useful because of the bilateral economic issues that will be discussed. However, regional problems, which are also very important, will be discussed as well, as today's communique states.

Honduras has maintained a fraternal relationship with Vermont for the past 25 years as part of the Companeros of the Americas Program. Groups of Honduran and Vermont residents have been assisting in Honduras' development for more than two decades.

The Honduran Government and President Callejas' decision to visit the United States and the people of Vermont, to thank them for their cooperation, has been received as a nice gesture.

[Reporter] [Question indistinct].

[Goldstein] That was during a speech before the Senate's [word indistinct] Committee. Secretary Baker was present. The discussion was about what the United States will do in Nicaragua and El Salvador. Senator [name indistinct], with whom I met last week, said: Mr. Secretary, let me say a few words about Honduras. Everyone here has been talking about other countries; no one has said anything about Honduras, which has made important contributions to democracy.

The secretary of state immediately took the floor and said: I could not agree more with you. If it had not been for the decisive role that Honduras had assumed in defense of Central American democracy, we would not be celebrating today.

Contra Issue, Possible UN Role Reviewed

PA2003042190 Tegucigalpa LA TRIBUNA in Spanish 19 Mar 90 p 5

[Editorial: "Blue Berets"]

[Text] The ruling party has been saying, ever since the electoral campaign, that the contras should leave the country.

We constantly hear the president urging the contras to leave. The day that the Blue Eagles [not further identified] marched through the capital the president came out to one of the Pink House's balconies to address them, and he said: "The contras must leave the country."

The situation in Nicaragua has changed. The Sandinists are on their way out and Violeta is on her way in. Violeta has even offered amnesty to the contras so they may return.

However, the contras do not want to disband. The government here does not cease its constant appeals,

urging them to leave, but it also does not lift a finger to make its sovereign will prevail.

Upon the initiative of a National Party deputy, the National Congress adopted a resolution demanding that the United States compensate the country for the damage caused by the presence of that irregular force in Honduran territory.

However, it seems that even though Violeta wants the contras to return and Callejas says he wants the contras to leave, the contras do not move and all is well.

Perhaps the best thing to do is to call for a UN "peace-keeping force" so it may help us exert the sovereign will in the country that corresponds to the people according to the Constitution.

Perhaps the contras will heed the "blue berets..."

Nicaragua

Ortega Says Meeting With Quayle 'Very Positive'

PA1903162290 Managua BARRICADA in Spanish 13 Mar 90 pp 1,4

[Report by Monica Zalaquett]

[Text] Santiago, Chile—U.S. Vice President Dan Quayle talked with President Daniel Ortega during an official lunch and told him that he fully agrees with the need to demobilize and disarm the contras before 25 April to guarantee a normal transition of power to the new government.

Daniel said in a statement to BARRICADA: "Vice President Quayle told me they are working on an idea so the contras will not be around by 25 April. He stated his political willingness to do this, and I believe his position was very constructive."

When asked what steps will be taken to carry this out, he replied: "We—and not only the Nicaraguans and Central Americans, but also the United States—must now put words into deeds to put the political will into actions that will enable us to disarm and demobilize the contras before that date."

Referring to certain attempts by UNO sectors to establish a symmetry between the constitutional Armed Forces of Nicaragua and the contras' terrorist forces, Daniel pointed out: "No, no, no, nobody has proposed this. None of the presidents with whom I have talked thinks along these lines."

Ortega insisted that the conversation with the U.S. Vice President had been "frank, friendly, direct, and very respectful," and that Quayle "is certain that the transfer of power will be carried out on 25 April. He also stated his willingness to cooperate so Nicaragua does not have to live in a far more critical situation than the one it is currently facing in every sector."

Daniel considered the meeting, which occurred during lunch, as "very positive, and I find him constructively inclined toward all the efforts that we, the Nicaraguans, have exerted, and which culminated with the 25 February elections."

The president also referred to conversations held during the flight between Caracas and Santiago de Chile with the presidents of Spain, Venezuela, Costa Rica, and Honduras, confirming: "We all agree that the contras should be immediately disarmed and demobilized."

Ortega talked briefly with Quayle yesterday morning during the Te Deum offered at the Metropolitan Cathedral for the presidents who were invited to the inauguration of Chilean President Patricio Aylwin. When Daniel entered the cathedral, those attending the Te Deum applauded him while he greeted the heads of state who were there. When Quayle entered, he approached Daniel and greeted him in a friendly manner, while the thrilled crowd continued to applaud.

Persons who overheard the brief conversation reported to BARRICADA that Quayle told Daniel that if he wished to send a message to Bush he would deliver it, thereby agreeing to wait until an appropriate time to hold their conversation. This moment occurred several hours later during the official lunch.

During the morning Daniel also met with members of the political parties opposed to the outgoing Pinochet government. He explained to them the results of the Nicaraguan elections, which he described as "a tactical defeat but a strategic victory for the FSLN."

Shortly afterward the president met with Christian Democratic Party leaders, including party president Andres Zaldivar. At this meeting the Christian Democrats said that the Nicaraguan electoral process was clean and open, and they praised the FSLN's fulfillment of its democratic obligations. They also praised President Ortega's attitude and the widespread international recognition he has obtained.

In the afternoon, President Ortega spoke briefly to reporters after visiting "La Moneda" presidential palace to offer his official greetings to Chilean President Patricio Aylwin. "I have transmitted the greetings of the Nicaraguan people to the Chilean people and have made reference to the long-standing friendship that unites the two nations," Daniel told reporters on the patio of the "La Moneda" palace, the same place where President Salvador Allende fell fighting for his people on 11 September 1973.

"It is an honor for me to be here, sharing this historical moment with the Chilean people. I am convinced that we will continue working together with the peoples of the continent to build an independent, free, Latin American fatherland with social and economic justice and with true peace, sovereignty, and democracy," Ortega told the journalists, who responded with applause.

LA PRENSA Reports Ortega's Recent Remarks

PA1903183390 Managua LA PRENSA in Spanish 16 Mar 90 pp 1, 8

[Text] In an interview with the French magazine PARIS MATCH, Daniel Ortega has said: "I am a deputy by law, but I do not plan to be part of the National Assembly." This represents the first comment Ortega has made in regard to this issue. According to Nicaraguan electoral law, presidential candidates automatically acquire seats in the assembly when their parties receive 15,000 votes or more.

Ortega also told PARIS MATCH that he will not leave his house, which was confiscated from Jaime Morales Carazo. "The house in which I live is covered by the housing law. I will continue to live there because it is not only a symbol of the Sandinist revolution's achievements, but also a symbol of guaranteed social stability," he said. This housing law, which covers the neighborhood in which Daniel Ortega lives, legalizes the confiscations made during the years of Sandinist government. According to some critics of the Sandinist revolution, it was this confiscation policy that caused national instability.

Ortega also said that the Sandinist revolution invented "perestroyka." "We started it 10 years ago," he told the French magazine, disregarding the fact that those were 10 years of militarism, political and economical centralism, social control, expropriations, censorship of social communications, and ideological persecution.

Everything indicates, as PARIS MATCH suggests, that the Sandinist government is the last victim of the wave of changes that have rocked East Europe. This has confronted the FSLN with the necessity of politically renovating, modernizing and "updating" itself.

In one last effort to reform the party, Ortega requested in Brasilia, where he arrived for Fernando Collor de Mello's inauguration, that the FSLN become a member of the Socialist International. The FSLN had been in that movement for years only as an observer, because of its totalitarian tendency, a professed Marxist-Leninist doctrine, and the strong ties it had with the Soviet Union and the East European dictatorships.

This decision could mean the party's policies could turn to social democracy, which is a capitalist tendency that emphasizes social justice.

Ortega also admitted to PARIS MATCH that his party has been distributing arms in all regions of the country. "We have a defense system in Nicaragua that includes the population. Thousands and thousands of arms have been distributed during the last few years. After the invasion of Panama by the U.S. Army last December, we distributed arms in the large cities and decreed a state of maximum alert. We have continued that same policy. It is more noticeable because the situation is more tense," Ortega said.

In this interview, Ortega also said that President-elect Violeta Chamorro should rule in association with the Interior and Defense Ministries. "Our Constitution of 1985 says there are an Army and an Interior Ministry that do not serve a particular party or president, but the nation. She will have to rule with these two partners," he said.

However, this position was already reversed during a meeting in Chile with U.S. Vice President Dan Quayle in which Ortega promised to allow a transition of power "without conditions," and to accept the subjugation of the Army and the police to the civilian regime.

Commander Carrion Comments on Lifting Embargo

PA1903205690 Managua BARRICADA in Spanish 14 Mar 90 p 3

[Interview with Economy, Industry, and Commerce Minister Commander Luis Carrion by Roberto Fonseca—date and place not given]

[Text] [Fonseca] Do you think the lifting of the U.S. blockade against Nicaragua closes the chapter of the U.S. aggression against our country?

[Carrion] First, I should say that the mere lifting of the embargo does not make up for the damage caused by the U.S. military, economic, and financial aggression. The U.S. Government is in debt with the Nicaraguan people for all the human, social, and property damage its policies inflicted upon us. The Nicaraguan people are entitled to indemnification because of the damage inflicted by the policy of aggression.

The blockade violated international laws and agreements signed by the U.S. Government itself. The blockade was condemned by the International Court of Justice at The Hague and had serious consequences for the Nicaraguan people. The blockade forced us to find new markets, new sources of raw materials, equipment, and even consumer goods, with the subsequent increase in prices, production delays, and the deterioration of the quality of and outlet for our products.

Lifting the embargo is only the suspension of one of the factors that were part of the aggression against Nicaragua, and it is a step in the right direction. It is a step toward the extermination of all the illegal and aggressive actions against the Nicaraguan people, but it is still not enough.

Commander Ortega had already expressed his support for the efforts that the Nicaraguan government-elect had been making in favor of the lifting of the embargo and the delivery of economic aid to reconstruct the country. But that is only a very small part, an insignificant part, of the huge debt that the U.S. Government has with Nicaragua.

[Fonseca] What do you mean when you say it is not enough? What other initiatives should the U.S. Government adopt?

[Carrion] The United States should immediately normalize its relations with Nicaragua. It should guarantee the disarmament and demobilization of the contras. It should compensate the Nicaraguan people for the damage inflicted by the aggression throughout these years. It should guarantee its noninterference in Nicaraguan internal affairs. These are essential elements for the establishment of fair and respectful bilateral relations, which would not be to the detriment of national sovereignty.

[Fonseca] Many groups link the lifting of the embargo with the beginning of economic prosperity. People have many expectations. Will we really experience an immediate improvement in our economic situation?

[Carrion] In the short term, the country's problem is not really its access to supplies, raw materials, equipment, and consumer goods. The problem is not the economic embargo right now, but the availability of financial resources to acquire imported material quickly. We have to wait and see whether under the current circumstances the U.S. Government will give Nicaragua the resources it needs to support and eventually revitalize its economy.

If our future is going to be like the current situation, we would have to be rather pessimistic. After two months, the Panamanian Government, which was imposed on Panama through a direct military intervention, is still facing an extremely serious social and economic crisis as a result of the U.S. Government's inability and slowness in helping it.

That situation discourages our optimism about the new government's possibilities of obtaining the resources our country needs with the necessary flexibility and speed.

[Fonseca] Along with the lifting of the embargo, President Bush asked the U.S. Congress to approve $300 million in aid for Nicaragua. Do you think that sum of money will fulfill our expectations?

[Carrion] If it is given to us in cash, I believe $300 million could relieve us momentarily, but by no means is that sum of money in proportion to the damage inflicted on the Nicaraguan economy. That sum of money is not even in proportion to the money that the United States gave to the counterrevolution throughout these years, which totals hundreds of millions of dollars.

Thus, the United States is talking about very little money compared to the damage inflicted upon us. That money is probably not enough to guarantee the sustained functioning of our economy. We must bear in mind that the economic crisis of the East European countries has meant a significant reduction in the resources we obtained from them and which Nicaragua will have to replace with other financial resources.

[Fonseca] There are experts who think it will take a while to reestablish trade contacts in the U.S. market. What do you think?

[Carrion] I do not think it will take that long. I believe we can reestablish the commercial ties that existed prior to the embargo in a relatively short period of time.

[Fonseca] But do you think there will be economic trust, so those ties are generous and plentiful?

[Carrion] When I say reestablish trade relations, I mean they will be reestablished under conditions of immediate payment. In other words, I do not think we would be granted big credit lines like those we systematically obtained from our European suppliers by using our export contracts as guarantee for those credit lines.

Those contracts, however, cannot be changed overnight, because we would fall into the nonfulfillment of commitments we already made. In addition, our withdrawal from the European market and our hooking up to the U.S. market must be conducted in a responsible and careful manner.

[Fonseca] But the Nicaraguan quotas in the U.S. market were replaced by those of other countries. Do you think there will be a new change in that respect?

[Carrion] Yes. If they want to give quotas to Nicaragua, they have obviously no other choice but to increase their overall quotas,—thus opposing the pressure exercised by U.S. producers—or to redistribute the Nicaraguan quota. The latter would represent losses for other Latin American and Caribbean countries.

[Fonseca] In your opinion, what is the meaning of the lifting of the embargo, especially since elections were held only a few days ago?

[Carrion] It is obvious that the various elements of the policy of aggression against Nicaragua included the invisible but real vote the United States cast in favor of UNO [National Opposition Union]. Now the United States wants to send immediate and symbolic signals—at the least—of its support for Mrs. Chamorro's government.

We must say, however, that the lifting of the embargo is also a Sandinist Front victory. The Sandinist Front organized the cleanest and fairest elections in the history of our country. The Sandinist Front accepted the election results with dignity and a sense of homeland. Without the elections and the Sandinist attitude, the embargo would not have been lifted. We, the Sandinists, are pleased by the lifting of the embargo, because it was one of the objectives of our struggle.

PLI Dissidents Taking Godoy to Court

PA1903135490 Managua Radio Sandino in Spanish 1225 GMT 19 Mar 90

[Text] A dissident faction of Independent Liberal Party [PLI] leaders led by Juan Manuel Gutierrez will go to court today at 1100 to level an accusation against Vice President-elect Virgilio Godoy.

The group, which will state its accusation against Godoy at the 4th criminal court in Managua, is taking this action because Godoy has refused to talk with them to explain how approximately $80,000 in donations to the PLI were used.

The funds were sent from the FRG's Friedrich Neumann Foundation to the PLI's Center for Social Studies and Research, and were diverted by Virgilio Godoy.

The dissidents from the vice president-elect's directorate had established an 18 March deadline for Godoy to state what the funds had been used for, and they will go to court because of his refusal to offer an explanation.

Obando Anticipates Honduras Visit With Chamorro

PA1903140990 Managua Radio Sandino in Spanish 1206 GMT 19 Mar 90

[Text] The trip that Nicaraguan Cardinal Miguel Obando y Bravo may make to Honduras to appeal to the contras to demobilize will depend on President-elect Violeta Barrios. The prelate is waiting for a response from her during the course of this week.

Cardinal Obando y Bravo said that he believes that the presence of President-elect Violeta Barrios is indispensable for this trip. He contemplated the possibility that the contras may demobilize before 25 April. We must insist on this, Obando stated.

[Begin Obando y Bravo recording] We have met only with General Humberto Ortega and General Cuadra to discuss the possibility of going to Honduras. I said that I am willing to go to Honduras as long as the president-elect is willing to go. Naturally I have other tasks, but when it involves searching for peace, I try to contribute my two cents worth. I am waiting for Dona Violeta to tell me when I can go. I have still not been able to talk to her. We will have to wait and see. I believe that she already knows. If she doesn't call me this week, I will call her to ask what she has decided.

There is no sense going without Dona Violeta, because they may ask questions that only the head of the new government can answer. For instance, if they ask if they will be able to get a job, I cannot answer that question. I barely have enough to pay two persons in my parish. Therefore, the new government is the one that will have to provide jobs, grant housing, and other facilities.

I believe we must strive to hold talks with the armed resistance, and we must do so as soon as possible. I do not mean that the talks should demand that they disarm. What I mean is that it is necessary to attempt to hold the talks. If they do not disarm, it is not cause for anyone to lose his head. I think we will insist that there should be an end to the war. Violence is not a good thing. I do not think that anyone wants violence. [end recording]

Interior Ministry Denies Borge Illness

PA1903161990 Panama City ACAN in Spanish 1547 GMT 19 Mar 90

[Text] Managua, 19 Mar (ACAN-EFE)—Official Nicaraguan sources today described a report transmitted by a private radio station in Managua asserting that Nicaraguan Interior Minister Commander Tomas Borge, 60, had suffered a cerebral hemorrhage as "completely false."

Radio Corporacion's "The Magic of Knowledge" program asserted today that Borge was admitted into a Cuban hospital after suffering a "cerebral hemorrhage." However, Nicaraguan Interior Ministry spokesperson Alma Morales told ACAN-EFE that the information is "completely false."

Morales added that "Borge is perfectly healthy and is performing his duties in Managua as usual."

Borge is the only surviving founder and one of the current nine commanders of the ruling Sandinist National Liberation Front National Directorate (FSLN).

Economic Experts Comment on Foreign Aid, Debt

PA2003025290 Managua BARRICADA in Spanish 17 Mar 90 pp 1, 6

[Report by Roberto Fonseca]

[Text] The difficulties in obtaining an adequate amount of credit and financial assistance abroad could become a serious setback for the new government of Violeta Barrios de Chamorro. If it does not obtain the $600 million in "fresh" money that is required for this year, several economic experts feel it would be very difficult to halt inflation, much less reactivate the national economy.

"If the government obtains less than $600 million, it will have to postpone the issuance of the new currency—the gold cordoba—and the periodic devaluations will continue to take place," independent economist Juan Jose Medina, editor of VISTAZO ECONOMICO, predicted.

"It would only help to keep the country afloat," said another independent economist and consultant, Carlos Gabuardi. "We need $500 million to $600 million per year to satisfy the requirements of the national economy," he confirmed.

However, the actual possibilities of obtaining that multimillion dollar amount are remote and improbable. After two weeks of intense diplomatic efforts, the tripartite commission of the new government has only been able to snatch a "promise" from President Bush that he will request $300 million from the U.S. Congress, while from the Japanese authorities, it obtained only bitter disillusionment.

Once the elections were over, the wealth of financing promised by the president-elect was seen as a fairy tale. "If people think that millions of dollars are going to flow

in, they are dreaming," one of the directors of the Political Council said recently.

Gustavo Tablada is not mistaken, because Nicaragua is not included among the external priorities of the United States, the European powers, or the colossus of Asia. East Europe, Africa, and the Middle East are at the top of their lists, ahead of this small nation of 3.5 million people. "We are very much liked throughout the world, but this does not necessarily translate into economic resources," commented one independent analyst.

If national expectations are not satisfied, "the new government of Violeta Barrios de Chamorro will quickly lose political clientele," said Mario Arana, an economic expert of CRIES [Regional Coordinating Board for Economic and Social Research]. In a short time, the support of 54.73 percent of the voters could vanish if the president-elect does not fulfill her promises for economic and social well-being.

Ten years ago, the military victory of the Sandinists placed the United States in a political dilemma. In the twinkling of an eye, the United States found itself forced to inject financial resources into the weak economies of the area to prevent the spread of the Sandinist example among its allies.

According to the International Monetary Fund (IMF), El Salvador received over $1 billion between 1981 to 1984. Meanwhile, Honduras obtained a little over $350 million. However, it was artificial and a temporary illusion, because as of 1985, the net transfer of external resources to both nations dropped by about 50 percent compared to the initial amounts.

The administration of former President Reagan reduced the bilateral aid and forced them to establish negotiations with the IMF. These nations had to submit themselves to rigid adjustments to obtain liquid assets. Arana, from CRIES, feels that President Bush will do the same with Nicaragua.

"In Nicaragua, he will immediately inject resources, but after two years, he will force Violeta's government to negotiate with the multilateral organizations," said the economist who holds a master's degree from INCAE [Central American Institute of Business Administration]. "History will repeat itself with our country."

The electoral victory of UNO [National Opposition Alliance] undoubtedly surprised the United States and threw it into a new dilemma. According to some senators, no important assistance was planned for Nicaragua, and therefore, the Bush administration has been forced to request an "emergency" $300 million from the defense budget. The funds will surely take a long time to reach the country.

A request of $500 million for Panama, $200 million more than for Nicaragua, has confirmed that—despite UNO's electoral victory—the priority of our country is way below that of Panama, where the United States has strategic interests given the interoceanic waterway and the future of its military bases. Furthermore, the amount requested for Mrs. Violeta's government is less than the aid assigned to the contras.

According to official U.S. figures published by TIME magazine on 12 March, the United States' foreign aid is established in this order: Israel ($3 billion), Egypt ($2 billion), Poland and Hungary ($657 million), Pakistan ($588 million), Turkey ($516 million), the Philippines ($511 million), and Panama ($500 million).

Also, the requested financial aid is less than the total amount of aid assigned to the contras over eight years. According to the same publication, the FDN [Nicaraguan Democratic Force] mercenaries received no less than $316 million from the U.S. Congress, an amount that is slightly higher than what was promised to Mrs. Violeta.

Mrs. Violeta's tripartite mission, led by her advisers, Francisco Mayorga, Alfredo Cesar, and Pedro Joaquin Chamorro, has yet to officially sound out the availability of financial aid in Europe; but the outlook is not too encouraging. Independent economist Carlos Gabuardi said: "It is well known in international politics that the industrialized Western Bloc countries' priority is their Eastern neighbors."

FRG Ambassador Georg Boomgaarden [as published] confirmed to BARRICADA that the European nation's priorities concerning bilateral aid are the African nations, because "their economic situation is disastrous and they need emergency aid." In terms of investments, its East European neighbors have preference because immediate results will be achieved there.

Referring to Nicaragua, Kohl's government suspended all financial aid and credits until the elections were held, even though it did maintain its technical cooperation, approximately 20 million Deutsche marks, in certain social projects. It was stated that 51 million Deutsche marks will be destined for Mrs. Violeta's government this year, representing approximately $30 million.

"It is a large amount," the FRG diplomat stated. Nevertheless, he recognized that the amount is similar to that granted to the other Central American countries, except for El Salvador. He explained that it is done like that because "we do not see a specific country as a priority, but the region as a whole."

There is no information on what sectors this aid will cover because that will be later negotiated, but the FRG diplomat said that "the important amounts will be destined for the agricultural and professional training sectors."

Meanwhile, Spanish Ambassador Miguel Angel Fernandez de Mozarambroz assured BARRICADA that Mrs. Violeta's government has yet to officially request financial aid, although its representatives have done so in informal meetings. "We will have to hold meetings to study the situation and decide on a new credit package," he said.

Nicaragua has a foreign debt of $180 million with Spain, and a third of this debt was forgiven last year upon President Ortega's request. The rest will be paid five or six years from now. "The payment of the substantial aid has been temporarily settled," Mozarambroz reasserted.

Spain is, for historical reasons, the European nation that feels most indentified with the American continent, but its priorities—commercial and financial terms—are Mexico, Brazil, Chile, and Venezuela, with whom it maintains relations for several million of dollars. According to the ambassador in Managua, relations with these nations are based on three pillars: Cancellation and renegotiation of the debt; establishment of new credit lines; and loans under preferential terms.

The foreign debt's renegotiation—according to unofficial estimates, it is more than $7 billion—could be another diplomatic setback for the new government. Independent economist Juan Jose Medina said: "There can be no talk about new financial aid without talking about the ways in which the foreign debt will be cancelled."

Medina said it is technically impossible for Nicaragua to pay that amount of the debt and, therefore, he suggested that bilateral debts with other countries could be partially or totally forgiven. However, creditors do not like this.

FRG Ambassador Boomgaarden said it is almost necessary to pay the foreign debt with his country—90 million Deutsche marks—before opting for new credits. "The condonation can be proposed in future talks, but this involves the danger of getting no new credits," he said.

He added that future financial aid must be paid with liquid foreign exchange and not through barter. "From now on, new credits must be paid because they are not donations. The new Nicaraguan Government must be clearly aware of this," Boomgaarden stated.

The Bush administration has requested $50 million to amortize the Nicaraguan foreign debt with multilateral organizations but, according to experts, this is a drop in the bucket.

Contra Activity in Jinotega Described

PA1903161390 Managua BARRICADA in Spanish 17 Mar pp 1, 5

[Report by Juan Ramon Huerta]

[Text] Coyolito, La Concordia, Jinotega—Fighting decreased in this area on 16 March after the contras, scattered in small groups, left the outskirts of towns and pulled out, apparently in the direction of Pantasma, El Mojon, and other areas in the northern Jinotega. The fierce manhunt and plans to attack towns in this area were thwarted by troops of the Sandinist People's Army [EPS], who were forced to fight by the close proximity of the Pedro Joaquin Gonzalez group, which is determined not to surrender their arms and instead is bent on endangering stability to prevent the transfer of power in April.

Major Daniel Pozo, EPS chief of staff in Military Region I, said that in the same area where heavy fighting occurred three days ago, the contras unleashed a true manhunt against peasants in revenge for the peasants having voted for the Sandinist National Liberation Front [FSLN]. Sometimes, the contras simply wanted to steal.

The situation in this area, however, is tense. The contras can show up any time, stop a vehicle and, if Sandinists are aboard, they are kidnaped or questioned in the style of Somoza's National Guard. "I was miraculously spared when some 10 contras stopped a truck that carried medicines. They only warned me not to make any suspicious movements because they were the law there," a still nervous Health Ministry worker said.

Stopping civilian vehicles and declaring they will not surrender their arms seems to be the trend of small groups of contras. Meanwhile, others positioned themselves for a virtual attack on San Rafael del Norte, Yali, La Concordia, and even La Trinidad. A few days ago, the rebels laid siege to La Trinidad from a distance of 10 km, Major Pozo said.

The situation in these farming, cattle-raising, and fervently religious communities is dramatic and uncertain. At any time of the day or the night, a knock on the door is heard and a nasty-looking man in military uniform warns that they are now in control and that as of 25 April they will start billing all those who voted for the FSLN. The language, however, is different in the self-defense cooperatives, where militiamen have been on combat alert for nearly one month.

Major Pozo told BARRICADA that the contras started violating the cease-fire on 1 March. From 1-8 March, they raided Vainilla, north of Yali, stole 15 head of cattle, and butchered them in the presence of the owners—small-scale cattlemen.

In Coyolito, the contras stopped vehicles and threatened those aboard. On 6 March, the contras stole belongings and money from peasants at El Pencal. Pozo reported that the contras arrive in the communities, make the people come out of their homes, harangue, threaten, and hold them at gunpoint and then enter the people's homes to steal money, tape recorders, and even civilian clothing.

On 7 March, approximately 50 contras sent a threatening letter to peasants of El Quebracho, saying: "We will bill you. We are now in command. Prepare yourselves for after 25 April."

On 12 March, the contras stole five head of cattle in San Marcos, and when one of the peasants protested, one of the contras replied: "Shut your mouth and be grateful that we do not eat you as well." In view of these systematic actions and the discovery of plans to attack villages, the EPS troops had to leave their positions. At least 10 military clashes have occurred in the past two weeks. There have been up to four confrontations in a single day. Such was the case on 14 March.

In this same period, the contras assassinated several peasants, including an EPS officer and a woman called Justina Mirena, east of Yali. The contras also kidnaped at least three civilians.

"I was caught by about 10 contras. One of them told me they were the new army and that the contras are in command here. I wonder how I am still alive," said cooperative member Rufino Jiron.

Major Pozo also said that EPS troops again thwarted plans to attack Planta Centroamerica, located about 15 km from Jinotega. This action and the contras escape in the past two days are the most important points in these operations.

These groups of contras, led by "Pantera," "Gorgojo," and "Bolivar," are determined not to surrender their arms. These men are well known among the peasants, who do not even call them by their noms de guerre but by their true names. "Pantera" is Martiniano Herrera and "Juanon" is Juan Herrera, who participated in an atrocious assassination last week.

Along roads in these communities, in constant movement, Franciscan Father Odorico D'Andrea demands peace, encourages the peasants, and works hard to prepare a coming meeting between the contras and local EPS authorities. "I trust in peace as the only solution to this barbarism. We cannot go on like this. We cannot destroy what has been done. There must be reconciliation and we must treat one another as brothers to move the country ahead," the churchman told BARRICADA.

"We cannot bear this. They slit my brother's throat. We are forced to have our rifles slung on our shoulders at all times," Santos Reyes Jiron says. "Of the contras, only their indelible marks on our feelings remain. They have inflicted much harm on us. The best they should do is disarm themselves. Otherwise, the new government will have to fight them, too," peasant Gonzalo Rodriguez, president of a cooperative, says.

The army has called upon the local political leaders of the government-elect to identify those who violated the cease-fire. "They have understood and have a clear vision of our professional role in defending the peasants' interests," Major Pozo said.

Editorial Discusses ONUCA Role With Contras

PA1903183190 Managua BARRICADA in Spanish 17 Mar 90 p 3

[Editorial: "ONUCA, the Mechanism for Disarming the Contras"]

[Text] Coinciding with the stand adopted by BARRICADA on the need to set aside all exhortations for good will and instead use effective mechanisms of pressure to demobilize the contras, the UN secretary general proposed yesterday before the Security Council to extend the mandate of the international peace-keeping force that is known as ONUCA [UN Observer Group in Central America].

According to Perez de Cuellar's proposal, once ONUCA has increased its military personnel to some 800 men it would then become a force equipped with defensive weapons and proceed to disarm the counterrevolutionaries. In this manner, the UN "blue berets" would be in charge of receiving the weapons, equipment, uniforms, and any other type of military supplies of the contras in the border areas of Honduras and Costa Rica, and then organize their repatriation into the country. In the same manner, ONUCA would establish reception points where the contras who are in the mountain areas would turn themselves in and lay down their weapons.

Originally, ONUCA was conceived as a force of military observers with the exclusive mission of verifying that the rebel forces were not using Central American countries for running guns or attacking neighboring countries. However, matters are very obvious. It is a well-established fact—and known worldwide—that the contras have their bases of operation in Honduran territory, and it is not necessary that a new UN report confirm this. The issue, obviously, is not to delay the demobilization any longer.

The decision to resort to this extraordinary mechanism that implies the temporary presence of foreign troops in Central American territory emphasizes the concern of the international community for the threat this anachronistic heritage of U.S. policy represents for the stability of Nicaragua and the region. As it is urgent to solve the problem, Perez de Cuellar's initiative is founded on two basic premises: one, that the demobilization should take place prior to 25 April, and two, that the disarmament of the contras is not subject to any type of political negotiations. Put simply, this is an obligatory mandate of the Central American presidents that should be complied with immediately.

Yesterday, the contra chieftains presented their claims to Vice President Quayle in Washington that there should be a "simultaneous demobilization" between the contras and the EPS [Sandinist People's Army]. This is absurd from any point of view, not only because the contras are a rebel force that has been militarily defeated and the EPS represents the constitutional army of a constitutional government, but also because the sponsor of the contras—the U.S. Government—has admitted that the causes that allegedly led to the existence of the contras no longer exist.

Consequently, neither the outgoing government nor the incoming government—both committed to preserving democracy—has anything to negotiate with the contras. The only thing that would be subjected to an eminently technical discussion is the manner of applying the mechanisms of disarmament and repatriation as designed by the CIAV [International Commission of Support and Verification] and ONUCA.

As for the United Nations, the approval of the Perez de Cuellar's intiative is pending at the Security Council, where it is expected that the United States will not exercise its veto power. However, definite evidence that President Bush is seriously committed to the peace efforts would be if his government turns over the $32 million recently requested from Congress for the repatriation of the contras to the CIAV and ONUCA.

Article Examines Sandinist Party 'Weakness'

PA1903230990 Managua LA CRONICA in Spanish 15-21 Mar 90 p 16

[Article by Douglas Salamanca: "The Second Fall of Icarus"]

[Text] Perhaps the greatest weakness of the FSLN [Sandinist National Liberation Front] is its lack of original and independent thinkers. Instead, it has many ideologists or "politologists" (some of them have even been decorated with the Ruben Dario Cultural Order) who work as unofficial apologists and eulogists, justifying the present state of affairs. The Sandinist Directorate is virtually self-sufficient; this has hindered the emergence of creative elements and has instead promoted a proliferation of epigones of all types—both national and internationl—whose most noteworthy exponents are the individuals who usually write the articles that appear on page 3 of the daily BARRICADA.

The FSLN lacks, above all, thinkers who are "visionary" and able to rebel against the current trend, anticipating the probable evolution of events. In this manner, they could make rectifications in time, setting aside triumphant attitudes—the adopted course—rather than ending up in regrettable or adverse situations.

The surprising victory of the National Opposition Union [UNO] in the recent elections creates an unforeseen and exceptional situation. It is a situation in which the old schemes that remained unchanged for a decade are no longer applicable. Therefore, to adequately confront the challenges of the new situation, it is urgent to do away with obsolete concepts and prejudices, to become emboldened and make full use of our sociological and philosophical knowledge.

Under the present circumstances, the best ally of the FSLN is precisely the moderate wing of UNO. From more advantageous positions, it could carry out each of the tasks that the FSLN had plans to carry out in the event that it had won the elections.

Those main objectives are:

Achieving peace and reconciliation;

Attracting foreign investment;

Establishing cordial, not merely less tense, relations with the United States; and

Activating the economy, based on obtaining fresh foreign currency from capitalist powers such as the United States, Japan, England, and the FRG.

The most interesting part of this case is that UNO's moderate wing is in a position to achieve all this, without renouncing—or renouncing very little—the "revolutionary achievements" reached by the FSLN during its administration. For example, the reestablishment of good relations with the United States does not involve a break with the Socialist countries, as is now evident by the favorable reaction to the new government adopted by the USSR. If any of these countries are planning to cut aid to Nicaragua, it is due to new policies derived from reforms in those countries.

Although less evident, this also applies to many of the most cherished achievements of Sandinism. One of these achievements is the attention given to the mothers of heroes and martrys, and to the war crippled and war orphans. It is to be expected that in a more driven economy, the standard of living of these long-suffering countrymen would be substantially improved, so their allotments or pensions, instead of being symbolic in nature, would truly have purchasing power. Consequently, the "glass of milk program at school" will lose its importance to the extent that parents will begin to get better incomes that will allow them to adequately feed their children.

I believe the UNO moderate wing is also more intelligent and therefore more sensible. However, it is not yet evident that this sector or trend has been able to prevail within the alliance. This uncertainty is precisely what generates a certain uneasiness or distrust among a majority of the people.

The salvation of Nicaragua now depends on whether the moderate sectors of both the FSLN and UNO will be able to prevail among their respective organizations. Once this is assured, it will easily faciliate negotiations for the transfer of power. As is public knowlege, the most complex negotiations are those related to the Armed Forces.

Having successfully overcome this obstacle—it is our duty to be optimistic—it is only natural for the FSLN and UNO to gradually seek a convergence.

By voting UNO, the majority of the voters in fact gave this organization the right to lead the reconciliation process that will take place sooner or later. The people have decided that it would be sooner and that the reconciliation would be more workable if the task was entrusted, not to the FSLN, but to its opponents, who are more strongly inclined in that direction.

Doctrine is precisely what most differentiates the FSLN from the new government's most conciliatory sector. While the FSLN, for survival reasons, sticks to a "revolutionary mystic" tinged with a certain romanticism and fearful respect for certain deeply rooted orthodox ideas,

UNO chose to put practicality before principles. Nevertheless, both understand, or should understand, that the true problem is finding a solution to the crisis, the sooner the better.

The permanent conflict between labor and capital will now be recreated and represented at the National Assembly by a confrontation between the stands of the FSLN and UNO in an effort to find a compromise. By recovering control over labor, capital confirms a trend that seems unavoidable in any regime where the often preached "socialization of productive instruments" has not taken place.

In truth, the FSLN has always seemed destined to be an opposition party, in other words, to "govern from below," from the minorities. This is shown by the FSLN's identification with the cause of the exploited and dispossessed, such as the proletariat, women, shanty town residents, etc. The FSLN's new historic mission will be precisely to protect the interests of these groups from the onslaughts of the bourgeoisie trying to benefit the nation, truly or falsely, through concessions to capital. Impoverishing workers lets the capitalist lower salaries to a level even below that required for survival. By the way, this level is also below the international level established for developing countries. This makes it possible to increase the surplus and extract exorbitant profits. The FSLN, which started by closing the controversial "free zones" created by Somoza, must now join Dona Violeta in prayer so these zones can again be established in Nicaragua.

From now on, it will be up to the FSLN to palliate, as much as possible, the negative effects of essentially unpopular IMF-style measures on the dispossessed. It will also be up to this party to convince its followers to accept these measures whenever the beneficial effects of these measures are not evident or immediate.

On a certain occasion, concerning the treatment of the Miskito Indians, Tomas Borge told a group of Italian moviemakers: "We are guerrillas, not anthropologists." By the same token, I think he could have said: "We are guerrillas, not statesmen."

The positive result of the elections is that the FSLN will now have at least six years to learn how to be statesmen, to get a self-taught education in the harsh demands of realism. We can anticipate the main lesson to be learned. This lesson is to understand that, because of the fruitless and vicious circle of polarization in which the FSLN has sadly fallen, the margin of the FSLN defeat was the best possible outcome for them, and even more so for Nicaragua.

The FSLN thus culminates its career paradoxically, just as its entire administration was a paradox. The party has been rescued from absolute collapse in the nick of time by none other than its greatest opponent, which, as if by political magic, became its most adequate and desperately needed relief.

LA PRENSA Reviews Security, Army Issues

PA1903205490 Managua LA PRENSA in Spanish 13 Mar 90 p 2

[Part 1 of five-part article by Julio Sergio Ramirez: "Farewell to Arms. Key Issues"]

[Text] There are many debates in the news media about the possible problems that the new government presided over by Violeta de Chamorro is facing or will face to attain effective control of the Sandinist People's Army and the Sandinist Police.

Many think that the Armed Forces will become an FSLN [Sandinist National Liberation Front] bastion in the next six years, thus effectively limiting the new government's capability to implement an agenda that implies important changes in the institutions inherited from the Sandinists. Others believe that it will be virtually impossible to take away control of the security system from the FSLN, so it would be more advisable to negotiate for two parallel governments—a civilian government and a military government. Others believe that to disarm the FSLN, it will be necessary to keep the contra forces so they may be used to exert pressure and as a negotiating card in case the FSLN refuses to turn over the Army and Police command. Others believe it will be viable, although not easy, for the new government to assume control of the Army and Police.

This introductory article is the first in a series of five short articles in which we will examine some important issues on how the security system will be controlled by the new government that will be sworn in on 25 April.

The second article will review how important it is for the new government to have the security forces under its control, according to the Constitution and the laws, emphasizing the power to select high-ranking commanders.

If this is considered indispensable, the next issue would be: For what reason, and under what conditions, would be the FSLN be willing to turn over, as stipulated in the Constitution that was written by the Sandinists, the Army and Police command to the new government on 25 April? This will be the topic for the third article.

Assuming there are convincing reasons to support the turnover of the security system's control to the new government, the fourth article will try to answer the following questions: What probabilities are there that the security forces will obey the orders issued from their new commanders, without rebelling, during the next six years? How important is it to achieve an agreement between the new government and the FSLN on the ways that the government will exert control over the security system?

The last article will examine the importance of achieving the Nicaraguan Resistance's demobilization before the new government is sworn in and the possibilities of achieving this. The final reflections will refer to the disarmament of the political groups competing for power

in Nicaragua and their influence in the long-term democratization of Nicaraguan society.

This series of articles only refers to certain aspects of the negotiations between the FSLN and the elected government concerning the security and public order forces. There are still many other important issues in the negotiations, but we only refer to the security issues here.

Panama

Attorney General Says No Safe-Conduct for Arosemena

PA2003013390 Panama City Telemetro Television in Spanish 2300 GMT 19 Mar 90

[Text] Attorney General Rogelio Cruz stressed today that there will be no safe-conduct for those who had sought refuge at the Mexican and Cuban Embassies. Cruz made these statements after meeting with Foreign Minister Julio Linares.

Cruz reiterated that safe-conducts are not acceptable.

[Begin recording] [Cruz] No, the foreign minister has already said that Rafael Arosemena will not receive safe-conduct.

[Reporter] Does this apply to Luis Gomez' case?

[Cruz] Yes. It has been decided.

[Reporter] What was the reason for the meeting?

[Cruz] We were exchanging views about certain aspects of the government.

[Reporter] The Panamanian Government has asked the Mexican Embassy to turn Arosemena over; what will be the next legal step that the government will take?

[Cruz] We will have to wait to find out. We have presented all the reasons why we feel he should be tried in Panama. Therefore, we are expecting him to be denied asylum.

[Reporter] Is it definite that no one will get asylum?

[Cruz] There will be no safe-conducts for these people.

[Reporter] What about the refugees at the Ecuadoran Embassy?

[Cruz] Which ones?

[Reporter] Julio Shaik, Moscoso?

[Cruz] We have already announced that they will be granted asylum and that they will be given safe-conduct.

[Reporter] What if the Mexican Government decides not to turn Arosemena over to Panama? What step will we take then?

[Cruz] There could be international conflict, but we have to wait for that to happen.

First Vice President Denies Existence of Guerrillas

PA1903233990 Panama City ACAN in Spanish 2119 GMT 19 Mar 90

[Text] Panama City, 19 Mar (ACAN-EFE)—First Vice President Ricardo Arias Calderon said today, when commenting on an alleged guerrilla group called "M-20" that has announced attacks against President Guillermo Endara and U.S. targets, that "no one has any proof" that there are guerrillas in this country.

"Up to now, no group, in an organized manner and with weapons, has resisted our country's legitimate authorities," Arias said when asked by reporters. Arias is also the government and justice minister.

Over the weekend in Chiriqui Province which borders Costa Rica, phamplets from an alleged guerrilla group calling itself "20 December Movement" (M-20), were circulated. The name of the group alludes to the U.S. military intervention on that date.

According to the phamplets, the group is responsible for the terrorist attack three weeks ago at a bar in Panama City in which a U.S. non-commissioned officer was killed and 15 U.S. military and 14 Panamanian civilians were wounded.

Arias, however, insisted that there is no evidence of an organized guerrilla movement in Panama and avoided further comments about the phamplets, saying that they are being investigated by the Justice Branch and that the Executive Branch should avoid commenting.

The vice president said that no area of the country is considered dangerous and that state security services "are concerned about finding weapon caches and the groups intending to use them."

Arias Calderon Discusses Future of Public Force

PA1703201090 Panama City Television Service in Spanish 0013 GMT 16 Mar 90

["Special" program featuring Ricardo Arias Calderon, first vice president and government and justice minister, and Lieutenant Colonel Aristides Valdonedo, assistant director of the National Police, moderated by Presidential Spokesmen Rene Hernandez, with media representatives Migdalia Fuentes from LA PRENSA, Ramon Jimenez Velez from Radio KW Continente, Julio Miller from Circuito RPC Television, and Ciro Ortega from Telemetro Television, in Panama City—live]

[Text] [Hernandez] To open this program, Government and Justice Minister Ricardo Arias Calderon will make a few statements concerning the reorganization of the Panamanian Public Force [FP]. Please go ahead, Mr. Government and Justice Minister.

[Arias] Friends, I would like to give you a brief explanation of President Endara's policy concerning public security. This policy is something that all Panamanians need for the well-being of their country and families. I

believe the best way to give you a brief explanation of that policy is to present a chart illustrating the orientation of the deep transformation our country's public security is experiencing. First, I want to show you the military structure of the dictatorship—that dark and shameful dictatorship we lived under for so many years. Then I will show you the transformation that President Endara's public security policy has undergone.

On the left side of this chart, you have the structure of General Noriega's Defense Forces [FDP]. Everything was under the control of the general-dictator. The general-dictator controlled the Immigration and Naturalization Department, the Traffic and Transportation Department, the National Department of Investigations [Deni], the prison system, and even Panamanian participation in the implementation of the Torrijos-Carter Treaties, which he controlled through an FDP institution called Cogecodese [General Command of the Defense and Security Commission].

What has President Endara's government done with all those institutions? In fewer than 75 days of government, it put each of them under civilian responsibility. The Immigration and Naturalization Department and the Traffic and Transportation Department are no longer under military authority. They are now under the civilian authority of the Government and Justice Ministry.

Deni's name and purview have been transformed. Deni is now a technical, judicial police, which—once the Legislative Assembly approves its organic law—will be under the authority of the nation's Attorney General. It will even be outside the jurisdiction of the executive branch. The new police are now an instrument of investigation for the judicial branch.

The penitentiary system will be run by civilian authorities. To accomplish that objective, we will have to form a body of civilian guards for all of the country's jails. That will take some time, but President Endara's government has already made its decision in that regard.

All issues that deal with implementing the Canal treaties are already under the authority of the Foreign Ministry and obviously under the authority of the Panamanian president.

What was Noriega's FDP central point of support? What was the central point that allowed Noriega to shamefully and cruelly impose himself on the entire country? That central point was an Army, an Air Force, a Navy, and a presidential guard, all under his sole control. What happened to those organizations? Because of the change of government and our country's democratization, they all experienced a thorough transformation. Panama no longer has and will no longer have an army. We now have a National Police that acts as a police force. We no longer have and will no longer have an air force. We now have a National Air Service that provides transportation services for the entire government, including the National Police. We no longer have a navy. We have a National Maritime Service, which provides transportation services to the entire government and which also serves as a maritime police similar to other countries' coast guard services. For the first time in our history, the presidential guard is under the direct authority of the Presidency Ministry, just as late Panamanian President Arnulfo Arias longed for. The transformations of all those institutions is even more profound because there is no command except for the country's president.

In the four basic services of the FP, the only thing that unites them is that their supreme chief is the president of the Republic. Other than that, each service works separately and has its own general director. Also, each service has its own budget and organizational chart.

Three of these services—the National Police, the Air Service, and the Maritime Service—fall under the Ministry of Government and Justice. The fourth service, the former Presidential Guard, now enlarged to become the Institutional Protection Service, falls under the Ministry of the Presidency, that is, it responds directly to the president of the Republic.

What is the result of this important change that Panamanians are now living after less than three months of democratic government? I want to note some of those changes.

Under Noriega, there was an Engineers Battalion. This battalion has been dissolved, and all its equipment has been transferred to the Ministry of Public Works.

Under Noriega, there was a Military Health Battalion. This battalion has been dissolved, and all the medical personnel and the equipment of the battalion has been transferred to either the Ministry of Public Health or the Social Security Fund.

There were three battalions and eight companies that were restricted to quarters, that is, with people who lived most of the time within the military garrisons. The three battalions and the eight companies were dissolved. What is more important, the members of the battalions have joined the National Police, which now work shifts, that is, they work for eight hours a day and then return to their homes and to their everyday lives like other Panamanians, without being confined to quarters.

There were three centers of military instruction and three military schools under Noriega. They were all dissolved and we are in the process of establishing a Police Academy, because our policemen have to be professional. They should not be policemen armed with just a whistle and club—not policemen who only make 90 pesos and work night and day like the folksong says—but professional policemen who provide serious protection.

Under Noriega, military chaplains were appointed by him without regard to the archbishop or the bishops. There are no military chaplains anymore, and now the

priests that will render spiritual services will do this after being appointed by the bishop or the archbishop.

Before, the budget and the number of members of the FDP were determined by Noriega himself. Now the Legislative Assembly will approve the budgets of each of the services of the FP, and the Legislative Assembly—not the Executive Branch—will establish the number of members of each service when approving the budget.

Because of all this, we have estimated approximately what the dictatorship's FDP spending totalled. The total estimated by the Comptroller General's Office was about 150 million balboas, and we think that it may even be more than that. Meanwhile, in the discussions that we are holding concerning this year's budget, the National Police, the Air Service, the Maritime Service, and the Institutional Protection Service combined will not reach 80 million balboas, that is nearly half of what Noriega used to spend on just the FDP.

This is the Endara government policy that has been given form in two cabinet decrees approved unanimously by the Cabinet. It is about this policy that we want to talk to you tonight, answering the words of serious and independednt journalists of the free media that we now have for the first time in a generation.

[Hernandez] Thank you Dr. Ricardo Arias Calderon. We want to remind our audience that this is a live transmission by television channels 4, 11, and 13. We will now give the floor to LA PRENSA reporter Migdalia Fuentes de Pineda to begin the question and answer period. Please go ahead, my colleague.

[Pineda] Colonel Valdonedo, a considerable portion of public opinion seriously questions the FP. People claim that the problem is no longer the FP structure, but the attitude of its members and leaders toward the community. Criticism ranges from carelessness and pessimism to lack of interest in contributing toward solving the day-to-day problems of the community. In brief, the FP members are accused of being passive toward crime and the development this government is trying to promote. What is your opinion?

[Valdonedo] The FP is currently going through a very difficult time. The institution has just suffered the trauma of an invasion. The FP members have just experienced the trauma of seeing their chiefs and officers flee. They have just witnessed the imprisonment of their top commander, who unfortunately commanded these troops for a very long time. This very institution and its men are feeling open rejection by some groups in our community. They are the object of resentment that Panamanian society has accumulated for a very long time. The FP members are confused. These very men, however, joined the FP responding to a call by the Panamanian Government. They trusted President Endara and this government's leaders. They joined the FP to contribute to our country's reconstruction. Current FP members, who are part of the National Police, the Maritime and Air Services, and the Service for Institutional Protection, experienced, the same trauma that the Panamanian people experienced during the dictatorship. They experienced the trauma from a different perspective, but they and their families did experience that trauma. These men were confined to their barracks for long periods of time. They did not go to their homes and did not see their wives and families for long periods of time. They were kept away from their children and could not be near them to help them do their homework. These very men gradually experienced the rejection of their neighbors and the people with whom they had to associate in the streets. These men were victims of false and distorted nationalistic propaganda. They were victims of the lies of bad superiors. Thus, they are currently having a very difficult time. However, they have the ability to overcome this for a number of reasons. For one, the traumatic experience of the dictatorship makes them reject any possibility of a return to the past. They want to contribute toward this country's reconstruction. Sometimes, the community's attitude, rejection, and resentment fill them with insecurity. This attitude makes them feel uneasy and prevents them from acting up to Panamanian society's expectations. Also, we must bear in mind that over the past six years, Noriega approached the training of FDP members completely from a military point of view. Today we have men eager to become good and professional policemen, but they necessarily have to go through a transition and training period to offer the service that Panamanian society deserves. I believe, however, that most important is these men's will, which became evident from the moment they responded to the call by the Panamanian Government to form the FP.

[Hernandez] Our colleague Ciro Ortega from Channel 13 has the floor now.

[Ortega] Dr. Ricardo Arias Calderon, how effective can the FP and, more specifically, the National Police and the PTJ [Technical Judicial Police] be, considering that the recent operations conducted in Curundu and San Miguelito largely depended upon U.S. Army support? How long will these joint operations last? Also, there is concern in the community because according to a National Police chief, some current FP members are torturers. What is being done to purge the FP?

[Arias] Let me answer your first question. I believe the operations conducted over the past 10 days proved the ability of the new authorities—including police and civilian authorities—to work jointly and gradually to ensure tranquillity in democracy. These operations were all planned by PTJ and Metropolitan Police personnel, as well as the National Police, with the cooperation of the Immigration Department, the Juvenile Court, the Attorney General's Office, and the Panama City and San Miguelito mayorships. U.S. support was complementary and has been decreasing. Neither the planning nor the primary responsibility of these operations fell upon the U.S. authorities. These operations were the primary responsibility of Panamanian personnel.

The U.S. presence has diminished gradually at the same rate that the FP—acting in coordination with the civilian authorities and with express authority from the president in each case—has demonstrated that it can provide more security.

You asked a second question, and I would like to answer it to help you form an opinion. Over 18 percent of all officers of Noriega's FDP have been discharged or retired from the FP. Of the five colonels who were in active service on 19 December, not a single one is left in any FP service. Of the 17 lieutenant colonels, only three are left in one of the FP's services. The remaining 14 have been left out. Of 69 majors, 26 were left out and 43 are serving in the FP for the time being. Of 137 captains, 43 have been left out. Of 252 lieutenants, 50 have been left out, and so on.

Close to 18 percent of all officers from the rank of general down to sublieutenant have been left out of the FP, and there are 49 FP [as heard] members who are currently under arrest and under the orders of judicial authorities. The government has not offered any of them amnesty or pardon. It has not offered them any guarantees that their evaluation, which is still ongoing, will not affect their status. It took courage on the part of these men to answer our call and to submit to an evaluation which is dual in nature. It involves an internal evalution through administrative channels, which has been the most effective and speediest thus far, and a judicial evaluation through judicial channels, which is slower because it must undergo judicial proceedings. However, this evaluation has already begun with 49 FP members who are under arrest.

I would like to cite a specific, personal incident that I believe shows that there is probably a lack of information about this matter. A few days ago I read a column written by someone I appreciate very much. It referred to me. It said that there was a captain who had a record as a torturer and that the minister had just told him: Go and sin no more. The reality is quite different. That officer had been suspended from his post and had been under arrest for days. He had been at the orders of a prosecutor for days. Not a single government office is making a more serious and thorough evaluation these days than the one that is being carried out and will continue to be carried out on the FP's members.

[Hernandez] We would like our colleagues to ask only one question at a time. This program is being carried live thanks to the interest of Channels 4 [Circuito RPC Television], 5 [Telecinco Television], and 13 [Telemetro Television]. Ramon Jimenez Velez, representing Radio KW Continente, has the floor.

[Jimenez] Mr. Government Minister, if we look at statistics, Gen. Noriega probably discharged more officers during his term than the incumbent government has. Maybe Col. Valdonedo can give us more precise information on this. However, I would like to focus a bit more on the confrontation between the civilian sector and the military sector. At the beginning, the minister spoke of the need for public security, as opposed to, I would say, the government's political stability. This is perhaps the main subject under discussion—the FP's dimension, size, and reason for existence. I have a question in this regard. What role is really...[changes thought] The minister has made an outline of how the defunct FDP has been dismantled. However, what role will actually be given to that Defense Force, or FP, in the Panamanian community? Will it be a role of subordination of military power to civilian power, which is the one that produces, in the long run, the insubordination? Or will this role involve the integration of that military power, which is necessary in the modern life of nations, into the nation's mainstream, into the community, into the national society, given the fact that, as Col. Valdonedo explained, there are hurt feelings and resentment on both sides? Also, as the minister said, will it mean a change in the mentality of men who have been taught military discipline? Apparently this is going to be changed now, and they will get discipline in a police academy.

[Arias] I knew that when Ramon came here he would come here as a philosopher. As a philosopher, he has raised many questions, and I will try to answer some of them.

For the government of President Endara there is no longer a military force. There is a national police and its complementary services. This is an important point. Ever since Venezuela was democratized 25 years ago, all Latin American countries that have gone through a democratization process have left their armed forces intact and limited the changes that have been made to the hierarchy.

We are the first country in the past 25 years that is carrying out an important demilitarization process as part of our democratization. Our goal is to establish a professional police force with several objectives, but only objectives associated with policemen. We do not want whistle and club or folkloric policemen.

We want the professional policemen of a modern, dynamic, and pluralist society. These policeman must be prepared to face common crime as they have been trying to do in the past few days. However, they must also be able to face certain security threats in our country because of the weapons—many of them high-caliber—that the dictatorship hoarded and distributed, and because of rebel groups that the dictatorship established when the dictator himself grew afraid of his FDP. The so-called Dignity Battalions were created to serve as neutralizing agents and he trained them for certain guerrilla activities.

Although none of these groups are currently organized in opposition to the democratic government, the training that they received remains a potential threat. We must establish a good professional police force to tackle other security problems, including possible threats from the drug trafficking mafia or from an increasingly isolated

and cornered Castro regime because of his own resistance to making democratic changes.

The national government is trying to firmly and prudently fulfill those two things simultaneously, Ramon. Our objective is to carry out a demilitarization as no other Latin American country has done in the past 25 years.

However, we do not want to deprive ourselves of security. We want to establish four services: police force, institutional protection, air support, and naval support—that is, only transport support—to find a national solution to these security threats.

I believe we are on the right path. However, we need the support of the entire community and a little more time to make some progress in bringing about more tranquility in democracy.

[Hernandez] Julio Miller of Channel 4 Television.

[Miller] In general terms, the Republic's vice president has outlined a sort of restructuring of the FP, but the same men are involved. Basically, only the name of the structure has been changed. Given that this is a rather repressive military force that has not received police training, are we not promoting a possible coup d'etat because the same people are involved and because a majority of FP members are entertaining the same ideas?

[Arias] I would like Col. Valdonedo to comment on this. I would ask him whether he believes there is a coupist spirit among his companeros. Before he answers that, I would add that we changed more than just a name. We have changed the structure itself. Noriega spent 30 years, not just 21, establishing his structure. There was a transition from a whistle and club police force in the 1930's to a more professional force. After World War II, amid the cold war, this force was transformed into a national guard. This national guard was later increasingly militarized and transformed into an army that later became the FDP. For the first time, under the government of President Endara, we are set on a course that is profoundly different than the one that began in the 1930's.

This is truly a historical work. From the 16,000 troops which the Planning Ministry estimates were under the control of Noriega's Defense Force, there are now approximately 13,000 in all services. There will be between 11,500 and 12,000 members in the national police. We are facing a change that prompted the dismissal of 20 percent of the officers. This change also prompted a change in duties. As Col. Valdonedo said, the military sector also suffered a trauma. Civilians—God knows we did experience a trauma—were not the only ones who experienced it. The entire country experienced it. The entire country is changing and it must change some more. I believe that under those circumstances I truly do not envisage a coup d'etat on the horizon. I have said this although there are people who smile ironically when I say so.

At this point, I will allow Col. Valdonedo to speak, and I will ask him on the spot: Will there be a coup, Colonel?

[Valdonedo] Mr. Minister, I must give you the same answer I have given many friends, relatives, and government officials, and which I am giving Mr. Miller today.

The possibility of a coup d'etat does not exist within the FP or within our current society, for many reasons. The first of them is that the men commanding the various components of the FP were victims of Noriega's dictatorship. In their own flesh they experienced criticism, persecution, mistreatment, and the unfettered power of a single man. This built in them the conviction that this should never happen again.

The subordinates of today's FP experienced a trauma—as Mr. Minister describes it—in their own way. They had to live far from their homes for long periods. They had the unpleasant experience of going into the streets and mistreating people whose only sin was to express their feelings. Very often those who dealt the blows as well as those who were beaten shared the same ideas and feelings. Believe me when I say that for the individuals who had to do that job, for those who had to fulfill those orders, the experience was traumatic. The orders were unpleasant, and there are many witnesses within our society, within our population, who can attest to the fact that on many occasions those same men who were sent into the streets to repress the people—through dissimulation, whispers, pleas, or however they could—pleaded with the people to get off the streets so that they would not have to exert the force demanded of them by evil officers.

Another reason—perhaps one of the most important—is that the officers that led the deposed FDP, especially Mr. Noriega, deceived the subordinates, the corps of officers, and our non-commissioned officers. Noriega adopted an attitude of false nationalism, and when the time came he hid and did not display leadership. The entire General Staff fell with him.

The people who established a dictatorship of uncontrolled powers in Panama to take advantage of a few people are not the ones who will inspire the subordinates of today's FP. I repeat once again, Mr. Miller, that the possibility of a coup d'etat does not exist among the commanders and subordinates of the FP.

[Pineda] I would not like to give viewers nationwide the impression that we have the FP in the defendant's seat. However, there is one point, Col. Valdonedo, which you just made, and which I will take you up on, following my colleague Miller's line of questioning: Those people will not inspire a coup d'etat in this country. That remark is very interesting to me as a reporter because, I ask myself, are there other people capable of inspiring a coup d'etat in this country? That is the first question. There is a second question, even though we should not ask two questions; however, this is also an interesting point. Many sectors suffered traumas. When will the FP overcome its trauma?

[Valdonedo] Thank you very much, Migdalia. Many issues are involved here. First, the persons who played roles in the drama that just ended do not ever want to relive that drama, especially if they lived part of the drama under extremely inhumane conditions.

At this time, I do not see a sector of the Panamanian society that can come to the FP with siren songs. If in some time—maybe one generation—a sector like that would emerge, I believe that the FP would not listen to these siren songs. Moreover, Migdalia, the general directorate of the FP—excuse me, the National Police—has written a letter to the minister of government and justice, following the proper channels up to the president. In this letter the FP requests that, if in the future the government considers the possibility of amending the constitution, it will discuss the possibility of not granting FP personnel the right to vote. By doing this, we would completely separate the FP from party politics.

This is something that we have requested because we are convinced that we would help to build democracy in this manner. We have the examples of South American countries like Venezuela and Colombia, where the military and the active service policemen do not vote.

Sorry, what was your second question?

[Pineda] When will the FP overcome the trauma?

[Valdonedo] I ask myself this question every night and every morning when having breakfast. I believe that the FP will overcome the trauma very soon, because I perceive that the feelings of the Panamanians towards the FP are gradually changing. Little by little, I perceive signals that the Panamanians are trusting the FP more every day. In the measure that Panamanian society trusts their FP—their National Police—the institution will respond accordingly. It is very unlikely that someone says good morning to a policeman and he does not smile back and reply: Good morning.

Perhaps at this time all Panamanians should try to reconcile and live together. I understand this would be very hard for some people. However, the intention or behavior adopted by the Panamanian society will largely contribute to the FP's ability to overcoming the trauma in the shortest possible time.

[Hernandez] Ciro Ortega from Channel 13 has the floor now.

[Ortega] Yes, I think this is basically a problem of trust. It is normal under the conditions we now live in. In that regard, I want to ask the following question: There is talk about the elimination of military ranks within the FP. The National Civic Crusade has been very emphatic about this. It does not want colonels, majors, or anything reminiscent of Noriega's stigma. How would you feel without those stars on your uniform that cost you so much? Would this change your way of thinking? Would you then start thinking about a coup d'etat?

[Valdonedo] I can take off my stars right now. Listen, I believe that the people who worry about the military ranks or grades are not focusing correctly on the concept. The military ranks are used to determine command and responsibility levels and to structure a police institution in a pyramid shape. This is something very common. In the United States, a country often used as an example, there are many police institutions that have military ranks because this is the appropriate way to establish responsibility. It would be a bit strange to call the director of the FP a manager, call me a deputy manager, and call the San Francisco area police chief, an area director. I do not know. This is just a nomenclature, though I can understand why some sectors of Panamanian society are afraid of and hostile to the memories of what those military ranks and those who held them for some time represented in the past. The people then make an unfavorable connection. I believe that in the measure that the National Police and the other FP components provide the services that this society is demanding, these doubts about the military ranks will become less important.

Panamanians are not interested in the military ranks of the policemen who patrol the streets. They are only interested in going out on the streets and feeling secure that they are not going to be robbed or someone is going to steal their car. Panamanians want to feel sure that they can walk the streets freely and then return to their homes safely.

[Hernandez] This is a live broadcast thanks to the interest demonstrated by television channels 4, 5, and 13 to understand the government's proposal regarding the FP. Ramon Jimenez Velez of KW Continente now has the floor.

[Jimenez] Perhaps Migdalia was a little worried because she felt she had put the FP on the spot. I do not want the minister to think I have him on the spot. [Arias laughs] The truth is that I view this whole problem in terms of the people who are in charge of reorganizing the government.

I want to begin by saying that perhaps we are not even dealing with the reorganization of the FP because unlike other countries the Panamanian Army was destroyed. In other countries, the Army has remained untouched. In Panama, the Army was destroyed because of an invasion by a foreign army; this foreign army replaced our Army until the FP could resume its defense duties. Regarding that situation, journalist Julio Miller spoke about the possibility of a coup d'etat and Migdalia spoke about the possiblity of foreign intervention. Obviously, the one way to keep the FP's attention away from this topic is to limit how well it is equipped. The way to dissuade foreigners from invading our country is by having a well-equipped Panamanian Army. In light of the need to ensure both national security and the citizen's security, what plans does the government have regarding the FP, given our need to protect our national integrity, and to prevent—as the minister said before—armed groups from revolting? Or are we always going to depend on what our neighbors, the soldiers in the canal area, can do for us?

[Arias] Ramon, let me begin by telling you a little story. A few days ago, a friend of the family said: Listen Ricardo, your problem is very simple. On the one hand, all Panamanians want the total elimination of the army, the weapons, and the barracks so that the experience we just had does not happen again. On the other hand, all Panamanians also want adequately armed uniformed men with quarters all over the country in order to prevent crime. The solution to your problem and that of President Endara, in particular, is to find a way to do both things at the same time.

We are seeking a serious and balanced way to guarantee to Panamanian people that there will not be a military structure capable of imposing another dictatorship, but at the same time there will be a national public security organization capable of responding to common crime and other dangers that I mentioned earlier.

It would be a mistake to think that the country's public security problem is limited to what we do or do not do regarding the FP. The country's public security is everybody's responsibility. If the country's democratic institutions begin operating in a responsible and constitutional manner; if the current level of free expression is maintained as it should be; if human rights are respected as they should be—and as they are; if we succeed in investing, producing, consuming, creating, and distributing wealth among the less privileged; if we all fulfill our tasks; if the civic groups and associations continue promoting our common well-being as they have been doing; and, if we do not return to those periods when these groups were completely indifferent toward that well-being, then we will have security and be assured that past experiences will not be repeated.

I would like to put the whole public security problem in an overall perspective. How do we plan to make others respect our nationality? Our foreign policy must be serious. We must forget about the demagogy that served to manipulate and repress people. We must improve our diplomatic corps. We must encourage our political parties to have foreign policy experts and put the nation's interests above party interests. Not all of the country's problems concern the FP or its organization.

The FP and the public security problems are one factor within a group of national problems. For the first time in 30 years, President Endara's government is trying to formulate a clear public security policy. It is trying to conduct an in-depth reorganization of the FP, adhere to the analysis of the public, and eventually, submit this policy to the proper legislative debate for the approval of a basic FP law.

The only thing the government has done so far, by approving two cabinet decrees, is to fulfill immediate needs regarding public security and the FP, but without replacing a basic branch of the Panamanian state, which is the Legislative Assembly.

President Endara's government has not shied away from criticism, public discussion, or controversy regarding its public security policy, which is well-defined, but evidently not perfect because it was formulated by human beings. That policy will evolve and improve as we gain experience and are exposed to more opinions. Sometimes I have been asked about the origin of this FP model. People ask me whether we are imitating the Costa Rican model; whether this is a model suggested by the United States; or whether it is a Swiss model. My answer is that this model has its origins here in Panama. Why would we seek a foreign model? Our model has its origins in our experience of the dictatorship, in the downfall of the dictatorship, in the days of anarchy and anguished that we lived, in the type of people that we are, and in the way we have reacted to our experiences. If there is something that is purely Panamanian, it is this model we are forging through our discussions, experiences, and progress. I believe this is a very important point. We are building our nation while we create our public security policy and conducting an in-depth reorganization of the FP.

[Hernandez] Julio Miller of Circuito RPC Channel 4.

[Miller] The community to which we are referring to, and to whom this program is broadcast, has serious doubts and mistrust regarding the security that the FP may offer. If we tour Panama City right now, we will find it lacking guards and security. What can be done to help the people feel safe again? The people feel terrorized because of constant acts of violence or assaults. What security can we give the people through this national network?

[Arias] I think the people of Curundu and San Miguelito, the primary areas where we conducted a special operation, feel safer. You brought up a point that must be understood. The National Police has approximately 12,000 agents. Because they no longer have to stay in the garrisons, they work eight-hour shifts. Therefore, at no time do we have 12,000 people available to provide security all over the country. At no time do we have more than 4,000 people available because we have three eight-hour shifts. In fact, we have less than 4,000 because the administrative staff is smaller due to vacations, something they did not have before, and illnesses.

Because we demilitarized the country, the National Police staff no longer has to stay in the garrisons. Although we talk of a 12,000-member National Police, whose ranks are going down, at no time do we have more than 4,000 people available for the country's safety. How do we address this? We address it, as Col. Valdonedo said, by providing better training for the agents as policemen. We are starting to teach classes at all levels so that they receive the training. We are going to create a police academy. The situation will improve with the acquisition of more vehicles for patrols and with better mobile communications systems between the policemen on the streets and officers at headquarters. The situation will improve with the support of the people. I think it will also improve once the government and justice minister issues a new decree on private security agencies. They can cover certain aspects of security, like fixed security, meaning the agent who is stationed outside a bank, a supermarket, or an office. This agent provides

security for the building, but does not protect the people because he cannot move. So we have a package of measures. I think we live in a safer country than we did during the last months of the dictatorship.

I ask those listening to me to recall the last three months of the dictatorship when we lived under a regime that was criminal and repressive, where fear, from those who supposedly should have protected our lives and properties, prevailed among the people. We have had a profound change in our security situation. We have a government that is devoted, from the president and the National Police agents, to providing security in a de jure state and with respect for human rights. We have achieved that in two and one-half months. Problems of common crime and others which I mentioned still remain. However, we now have the fundamental security of living under a de jure regime in democracy, with a government devoted to protecting us, which we did not have during 21 long years.

[Hernandez] Considering we have only two minutes left in the program, we want to know if the curfew remains the the same.

[Arias] I will take advantage of this opportunity to announce that as of tomorrow, 16 March, the curfew hours in Panama and Colon Provinces will be from 0200 to 0500; the curfew for the rest of the country is over. We reassessed the security situation in the country; because the San Jose de David fair is about to start, we thought this was the right time to lift the curfew. We think the new curfew hours are in line with the gradual restoration of tranquillity. I know that more than one mother, wife, or housewife will be a little disappointed by the change in curfew hours. We must recall, however, that a curfew always constitutes an extraordinary situation under conditions of insecurity; as our security situation improves we will be reducing the curfew hours. I repeat: as of 16 March, the curfew is from 0200 to 0500 in Panama and Colon Provinces. Everybody must be at their homes during that three-hour span. There will be no curfew in the rest of the country as of tomorow.

[Hernandez] We thank First Vice President Arias Calderon, Lt. Col. Aristides Valdonedo, as well as newspersons Midgalia Fuentes de Pineda, Ramon Jimenez Velez, Ciro Ortega, and Julio Ortega. We also thank the interest shown by television stations Circuito RPC, Telcinco, and Telemetro, and by you, dear listeners.

PRD Leaders on Need for National Agreement

PA1903215890 Panama City Telemetro Television in Spanish 2300 GMT 14 Mar 90

[Text] The National Executive Committee [CEN] of the opposition Democratic Revolutionary Party [PRD] has requested amnesty for political prisoners and reported human rights violations and employment dismissals in the public sector. The CEN has also asked the government to honor the promise of reconciliation and national reconstruction.

[Begin recording] [Darinel Espino] The party is interested in internal democratization as this would allow us to ensure the best conditions and the most intense discussions concerning the national interest. By doing this, we will be able to maintain party unity while ensuring the best opportunity for us to be a peaceful and democratic opposition party.

[Carlos Duque] We firmly believe in democracy and liberty. We hope that the government will honor the commitments and promises of reconciliation and reconstruction. The country belongs to all of us. Therefore, the participation of all political or independent groups is necessary in the reconstruction process.

[Pedro Pereira] The events that occurred in Panama were unusual in that the state apparatus was completely destroyed and replaced by a foreign one. Therefore, in order to prevent any reoccurrence of the previous problems, there has to be a political agreement between the new forces currently in power and the military, in order to reach a political agreement on running the country and maintaining it's sovereignity and independence. [end recording]

Opposition PRD President Carlos Duque today ruled out the possibility of holding new elections saying that conditions in the country are not conducive to holding new elections. He also ruled out the possibility of a coup. We are asking the government to strengthen democracy in Panama as this is needed for reconciliation, a national agreement, and political amnesty, the PRD president said.

Authentic Liberal Party Leader Criticizes Government

PA1903210390 Panama City EL PANAMA AMERICA in Spanish 18 Mar 90 p 1

[Report by Eduardo Alvarado]

[Text] Authentic Liberal Party [PL] President Dr. Arnulfo Escalona Rios on 17 March maintained that the Public Force members should only carry a club and a slingshot, adding that if President Endara acts outside the law, he and his party will join the opposition.

Dr. Escalona, the main speaker at the Liberal Ideology and Democracy seminar, referred to the principles of liberalism and the obligation the Panamanian Government has to maintain a state of law.

He also referred to reports on the various print media reporting that several people were arrested in David, Chiriqui Province, because they were distributing flyers containing terrorist threats.

During the event organized to "promote the participation of rank and file leaders and support the ideological and political formation of the PL members and followers," the political leader said that Noriega also pursued people who distributed flyers.

"We reached power distributing flyers. I believe they can publish whatever they want; we are living in a new

democracy. We know that the information published in the flyers are lies that cannot be confirmed;, however, we must permit citizens to say what they want to say," Escalona said.

The commitment of the Authentic Liberals is to struggle so that individual rights and a state of law prevail, he added.

Escalona pointed out that the Public Force should only be armed with clubs and slingshots so they do not have to repress people with birdshot. If, in order to hold power it is necessary to resort to such methods, then it would be better to leave the government, he added.

Liberals are struggling so the government becomes aware it should be limited by laws, which is what a state of law means, he said. Escalona maintained that the PL is a party without an owner. He defended his position by pointing out that "the authorities should govern based on the laws," because the authorities must know they cannot go beyond the laws.

Escalona considers that deceased General Torrijos ended with a state of law. "For 22 years we were outside the law," he added, emphasizing that the government was a government of men and not laws. Therefore, he said, Liberals want to have a government based on the law.

Establishing comparisons between the systems of government, Escalona repudiated what he considers are governments ruled by men.

Escalona added that there have been whimsical governments in Panama such as the Torrijos, Paredes, and Noriega governments. Therefore he said, he hopes no more whimsical governments will be permitted.

Ford on Privatization of Public Institutions

PA2003032690 Panama City LA PRENSA in Spanish 18 Mar 90 p 24-A

[Report by Zoila Rodriguez Jovane]

[Text] Planning and Economic Policy Minister Guillermo Ford has said that public utility institutions, such as IRHE [Institute of Hydraulic Resources and Electrification], Intel [National Telecommunications Institute], and IDAAN [National Water and Sanitation Institute], "should not be privatized," but that the decision is in the hands of President Guillermo Endara and the Cabinet Council.

During a speech to inaugurate a seminar workshop promoted by the Planning Ministry and the UN Executor Program, Ford said that the paternalistic state produced by 21 years of dictatorship—that created monsters that helped solve nothing and only brought about corruption—should disappear.

Ford, second vice president of the Republic, who specifically mentioned those official institutions whose privatization he will recommend, pointed out that his government will not be able to continue maintaining state businesses through government subsidies.

As for possible Labor Code changes, the planning minister said that this issue, which has caused much confusion, must be discussed, because although it is considered an achievement of the labor sector, it was part of the dictatorial government's outrages that benefited working people, "but does not help the unemployed."

"I believe that the biggest mistake that can be made during negotiations is to make deals in public and more so when the parties involved do not know each other's criteria," he pointed out. Ford added that the Labor Code cannot be modified, and if there was a need to do so, it would never be imposed on the labor force.

Referring to a possible increase in the unemployment level, which has reached 30 percent in Panama City and Colon and 20 percent in the rest of the nation, Ford said that privatization is not intended to "leave thousands of men and women without jobs." However, he referred to the mechanisms applied by companies such as Petroterminal, which operates in a joint venture with the government and has had effective results.

The vice president insisted that his government will determine—after an investigation—which institutions will be privatized, what benefit this will have for the state, and what percentage of "state bureaucracy," which has grown in an "untenable" manner for fiscal accounting, will be reduced.

"Privatize does not mean give away, squander, or give grants to people connected to the government," he explained. He insisted that the decision should be adopted following a financial analysis, a complete appraisal of assets, and compliance with all public auction requirements.

Professor V.V. Ramanadham, Dr. Steve Hanke, Dr. Stephen Hall, and M.S. Critian Larroulet participated in the first phase of the panel, dealing with with the Theoretical Framework, Implementation, and Options of Privatization. The second phase, which dealt with the legal, economic, and financial aspects of the privatization process, included lectures by Jorge Fabrega, Carlos Valencia, and Marco Fernandez, who explained the economic aspects of public enterprises.

Injunction Reportedly Issued on Paper

PA1903225290 Panama City Circuito RPC Radio in Spanish 1200 GMT 7 Mar 90

[Text] In an interview for Circuito RPC Radio, Deputy Labor Minister Gilberto Sucre has denied that Labor Ministry authorities sequestered the EL PANAMA AMERICA Publishing Company's facilities. He added that instead, an injuction was issued on the property.

[Begin recording] [Sucre] I have the impression that the public has been misinformed by some media sources. First of all, the Labor Ministry has not sequestered the EL PANAMA AMERICA Publishing Company. The ministry decreed an injunction, which is totally different, on the property and did so based upon duly supported complaints from the workers, and as a simple precautionary measure until the problem at the company is resolved.

[Reporter] Could you tell the public what this injunction consists of and whether it could harm or affect the EL PANAMA AMERICA Publishing Company?

[Sucre] I will be glad to. The difference is the following: in a sequestration, the property is turned over to a legal administrator who administers the property. An injunction involves telling the owner of the property to refrain from transferring it to a third party until the legal situation of the property is defined. However, the holder or owner is free to continue administering the property, which is the case at the Renovacion Publishing Company, Inc. [ERSA] and EL PANAMA AMERICA, where EL PANAMA AMERICA representatives continue to freely administer the property. Meanwhile, the Labor Ministry has shown total and absolute respect for the property and freedom of expression, as you can see and read in the newspapers published at the publishing house, which unfairly attacks the Labor Ministry on a daily basis.

[Reporter] Mr. Deputy Minister, do you not believe that President Endara's government acted hastily when it immediately turned ERSA over to the Arias family?

[Sucre] I will not comment on that issue because it goes beyond the realm of my duties, which are to protect labor-management relations. [end recording]

Sucre also referred to the question of possible labor code reforms.

[Begin Sucre recording] Labor code reforms are not the Labor Ministry's job. The Legislative Branch, which is in charge of passing laws, will deal with that. Therefore, at this time, I will not comment on that subject either. [end recording]

Results of San Miguelito Raid Reported

PA1903225190 Panama City EL PANAMA AMERICA in Spanish 16 Mar 90 p 1

[Report by Carlos Vargas]

[Text] The wounding of one person; the arrest of 358 persons, including 21 illegal aliens; and the seizure of drugs and guns were the result of the week's third raid carried out on 15 March by the Technical Judicial Police, the Public Force, and U.S. Southern Command forces in the sectors of San Isidro, Cerro Batea, Santa Librada, and Samaria in the San Miguelito District.

Deputy Government and Justice Minister Ramon Lima reported the results of the raid as of 1545 yesterday, indicating that 358 persons were arrested, 83 of whom were turned over to the authorities.

Deputy Minister Lima said that the 83 arrested persons include 21 illegal aliens, mainly Asians and Colombians; 13 men who had escaped from jail; seven persons sought by the authorities; seven drug traffickers, including one woman; and five men charged with theft.

Even though Deputy Minister Lima denied that anyone had been wounded during the raid, EL PANAMA AMERICA was able to learn that a criminal was shot during a fight over drugs with other men in the neighborhood of La Providencia, close to Don Bosco neighborhood, San Miguelito District.

The wounded man was identified as a Colombian citizen and he was taken to the Manuel Maria Valdes Clinic.

Deputy Minister Lima revealed that drugs—including cocaine, marijuana, and bazuco—had been seized.

The authorities also found three shotguns, one pistol, and a large amount of ammunition for AK-47 and T-65 assault rifles during the raids of several homes in the area of operation.

Deputy Minister Lima told the news media that no large caliber weapons were found, thus clearing any doubts about the existence of arsenals in the community.

One of the criminals arrested during the military operation said he was "a Dignity Battalion bully" in an attempt to intimidate the Technical Judicial Police authorities.

Civilian authorities from the mayor's office, the attorney general's office, and the immigration office cooperated in these operations.

Argentina

Menem Receives Letter of Support From Gorbachev

PY1903183890 Buenos Aires TELAM in Spanish 1642 GMT 19 Mar 90

[Text] Buenos Aires, 19 Mar (TELAM)—USSR Ambassador to Argentina, Oleg Kvasov, today delivered to Argentine President Carlos Menem a personal letter from Mikhail Gorbachev, chief of state of the Soviet Union. In his letter, Gorbachev mentioned "the philosophical similarities between the two administrations."

Kvasov said the letter expresses the appreciation of the Soviet Government "for the level of friendship and trust between the Soviet Union and Argentina," and mentions the possibility of a significant increase in bilateral trade.

At the end of his meeting with the president, the Soviet ambassador said that Gorbachev conveyed to Menem the significance of "the need for interaction among all countries of the world," and praised the initiative of the Argentine president and "his sustained efforts to make Argentina one of the most important nations."

In his letter, the Soviet president stressed Argentina's key role in the international community "in its sustained quest for paths of cooperation that would definitely put an end to confrontation."

Gorbachev conveyed to Menem his wishes "for the best for Argentina in the near future," and acknowledged Argentina's desire "to be a participant with full rights in the quest for agreements capable of guaranteeing international security," and to become a true element of stability.

Gorbachev wrote that the Soviets "are in favor of the economies of the eastern, western, northern, and southern countries becoming more complementary, and in favor of strengthening scientific, technical, and industrial cooperation for increased integration."

Oleg Kvasov met with President Menem for 30 minutes this morning. Foreign Minister Domingo Cavallo also attended the meeting.

Brazil

Castro Meets Businessmen, Signs TV Accord

PY2003031090 Madrid EFE in Spanish 0101 GMT 20 Mar 90

[Text] Rio de Janeiro, 19 Mar (EFE)—Cuban President Fidel Castro today met with a group of Brazilian businessmen to study increased trade relations between the two countries and signed an agreement on cultural and educational exchange with the "Globo" television network.

After meeting with the businessmen, the Cuban leader pointed out that the prospects for increased trade are good and that, during the talks, new fields of mutual interest became known, although he did not elaborate. Castro also emphasized that these actions favor Latin American integration, beyond ideological interference, and that regional trade represents an opportunity to break up the monopoly of the industrialized nations.

Trade between Brazil and Cuba—the two countries reestablished diplomatic relations in 1986 after they had been severed for more than 20 years—totaled $100 million last year.

Fidel Castro and Roberto Marinho, president of the "Globo" communications group, signed an agreement this morning on cultural and scientific exchange through which Cuban television will be able to broadcast a series of programs on agricultural and educational interests within two months.

Marinho hosted the meeting with the businessmen and, in his introductory speech, remembered Castro's first visit to Rio de Janeiro in 1961, the influence of his personality, and his revolutionary firmness.

Rio de Janeiro Governor Wellington Moreira Franco hosted a reception this evening for the Cuban leader, who arrived in Brazil on 15 March to attend the inauguration of President Fernando Collor de Mello's inauguration and later visited Sao Paulo State.

* Infrastructure Minister Announces Measures

* Immediate Priorities

90ET0151A Sao Paulo O ESTADO DE SAO PAULO Economic Section in Portuguese 21 Feb 90 p 1

[Text] The future minister of infrastructure, Ozires Silva, announced the principal goals for his area yesterday in Sao Paulo. He stated his firm intention to privatize the 116 subsidiaries affiliated with or controlled by Petrobras—only the holding company would remain in government hands—and to maintain the subsidy on alcohol automotive fuel in order to rescue Proalcool and "end consumer uncertainty." He also acknowledged that the Vale do Rio Doce Company might be privatized. Silva travels today to Brasilia, where he will take over an office in the building known as the "Wedding Cake," the Itamaraty annex where the transition team is headquartered.

The new minister believes that as long as the Constitution maintains the government's monopoly on petroleum exploitation, the holding company will remain under state control. "If the monopoly is questionable in the hands of the state, then it would be intolerable in the hands of private enterprise," he argued. During the Collor administration, major companies such as Petrobras Distribuidora, Petroquisa, Petrofertil, Interbras, and Petromisa—which transformed the Petrobras system into a giant with annual sales of $13 billion and a payroll of about 80,000 people—are likely to be privatized.

Silva also said that privatization cannot wait—although the measures do have to go through Congress. "The word 'wait' is not in the president's vocabulary," he emphasized. Even so, according to Silva, everything will be done without injury to the Constitution.

Reducing the size of the administrative machine is another of the priorities on his program. According to the new minister, a careful evaluation will be made of staffing in the civil service and the government companies. Anyone who earns more than one salary, or more than prevailing market levels, will find himself under the scrutiny of the new administration. "Such situations may actually be legal, but they are immoral," he said.

In Silva's opinion, the government companies have gradually incorporated the bureaucratic distortions that are typical of government office management. "At Petrobras, I got knocked out in every round," he complained. He related how, although president of the largest of Brazil's government corporations, he could never get administrative control over his own personnel. "The decisions were made by Brasilia, even when I insisted that I wanted to take charge." The situation will change under Collor, the new minister believes, because during the campaign people were free to make suggestions.

In an exclusive interview with O ESTADO, Silva also spoke in favor of retaining the subsidy on alcohol automotive fuel. In his view, the technological progress achieved by using that fuel should not be underestimated. "We cannot require the producers to sell at cost, and we can't leave the consumer in doubt," he said. He also recommends that the government and the automakers reach an agreement to increase production of gasoline-powered cars. Silva made the point that he has been warning of problems with the alcohol program since 1987. "Some presidents of Petrobras have been fired for telling the public the truth," he claimed.

Another measure to be taken immediately by the minister of infrastructure, as announced yesterday, will be a decision on the bids to supply the Brasilsat 3 and 4 communications satellites. "I'm going to study the bids on the 15th and make the decision the next day," he insisted. Requesting new bids would take 6 months, and the country faces a potential collapse in telecommunications beginning in 1993, the end of the useful life of Brasilsat 1, launched in 1985. Brasilsat 2, in orbit since 1986, needs to be replaced in 1995.

The situation in the telecommunications field was clouded by Minister of Communications Antonio Carlos Magalhaes' decision to leave the matter up to the next administration. The two competing companies—the U.S. firm of Hughes-Promon and the Canadian firm of Spar—agreed to extend the validity of their bids until 15 March. Purchasing the two satellites would entail an expenditure of about $200 million.

* Ministry Composition

90ET0151B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Feb 90 p 4

[Excerpts] Brasilia—The infrastructure minister, who this year controls investments on the order of $11 billion, is reserve colonel and engineer Ozires Silva, the founder—and president for 17 years—of the Brazilian Aeronautics Company (Embraer) and president for 2 years of Petrobras. Silva was the sixth minister to be named by President-elect Fernando Collor, and yesterday he was already urging the privatization of government companies, including the Embraer group, which he termed "an ideal candidate for privatization."

The Ministry of Infrastructure will combine the present Transportation, Mines and Energy, and Communications ministries. The announcement of the new ministry and the new minister was made yesterday at 1000 at the Wedding Cake building by President-elect Collor, who called Ozires Silva "an experienced man, ideally suited to the new circumstances in Brazil." As in his earlier announcements, the president-elect said that the mandate of his newest minister begins and ends with his own term of office.

Accompanied by future Minister of Justice Bernardo Cabral, and Chief of the Civilian Household of the Presidency Marcos Coimbra, Silva said that privatizations "will have to be considered within the provisions of the Constitution." The future minister says that this rules out the privatization of Petrobras. "There is no possibility of privatizing Petrobras," he asserted. He did say, however, that "a significant number" of the 400 government-owned companies in Brazil are likely to be privatized during the Collor administration. "The state must shrink; we have to reduce the size of the state," he argued.

Silva was cautious in talking about his plans for the powerful infrastructure ministry, which will oversee such government companies as Petrobras, Eletrobras, Telebras, the Vale do Rio Doce Company, and others. As for the fate of the Proalcool program, Silva said it will be "restudied with great care, and the government will have the courage to take the necessary corrective measures." He said he doesn't have specific plans about continuing with certain public works projects started during the present administration, such as the North-South Railroad and the Xingo hydroelectric plant. Furthermore, he was reticent about the future of the Brazilian nuclear program. "Everything will be done according to the needs of the population," he declared. The future minister confessed that he is not familiar with all the areas covered by the ministries that are to be incorporated into the infrastructure portfolio.

Asked about inflation, Silva asserted that "it must be brought into check before any plans are drawn up." According to him, inflation "corrodes" the economies of government companies, private enterprises, and the average citizen indiscriminately, and "it is not natural to

live under such conditions." Silva also urged cooperation between Brazil and other countries and said he is confident about economic growth, once the Collor administration takes office. "Brazil cannot stand still," he said. He also called for Brazil's integration into the world economy, saying "Brazil cannot isolate itself. It must become part of the world context, become a recipient of outside capital and improve the rate of savings for its new investments."

After selling Brazilian airplanes to several countries—the Bandeirante and the Brasilia being the best-known models—Ozires Silva, 59, went on to become president of Petrobras, which he left after defending a wage increase for its employees and urging an end to subsidies for the National Alcohol Fuel Program. The infrastructure portfolio will consume 76.5 percent of government investments this year, but that figure could rise if other companies from the ministries of interior and industry and commerce are incorporated into it.

Although founder of a government company which he headed for 17 years, Silva has, in recent years, been advocating a steady program of privatization to adapt the Brazilian state to modern times. In this respect he speaks the same language as President-elect Fernando Collor. The selection of Ozires Silva has intensified speculation about the name of the person who will head the ministry of the economy, another key position in the new administration. [passage omitted]

Ministry to Handle $11.6 Billion

A year and a half after leaving the presidency of Petrobras because of political differences with Minister of the Treasury Mailson da Nobrega, Ozires Silva is returning to government to head not only his former corporation, but a group of economic giants that will be responsible for $11.6 billion in investment in 1990, the equivalent of 76.5 percent of investments by all Brazilian government-controlled corporations this year—or 10 percent of this country's foreign debt.

The three ministries that were combined to form the portfolio assigned to Silva—Mines and Energy, Transportation, and Communications—don't account for much of a share of the direct government administration outlays, but they do control some of the largest corporations in Brazil. Of the country's seven largest business public and private groups in terms of sales, according to the 1989 edition of the survey entitled "Maiores e Melhores," [The Biggest and Best], published by EXAME magazine, four will be under the command of the Ministry of Infrastructure. The Petrobras group is the largest, with earnings of almost $20 million in 1988; the others are Eletrobras, Telebras, and Vale do Rio Doce.

In addition to those heavyweights in the fields of energy and communications there is the Federal Railroad Network, in the transportation sector. It ranked only 15th among Brazilian companies in terms of sales but is second—again, behind Petrobras—in terms of assets. At the other end of the spectrum there are some much smaller firms, such as Companhia de Docas do Para [Docks of Para State Co.], part of the Portobras [Brazilian Ports Enterprise] group. It plans to invest only $237,000 in 1990, compared with the $2.43 billion that Petrobras will invest.

In all—according to the Investments Budget for government-controlled companies for 1990—the minister of infrastructure will control 95 firms. Of these, 44 are presently under the Ministry of Mines and Energy, 20 under the Ministry of Transportation, and 31 under the Ministry of Communications. The latter include all the state telecommunications companies. If the Siderbras [Brazilian, Iron, and Steel, Inc.] group, currently connected with the Ministry of Industrial and Commercial development, were also to be taken under the wing of the new ministry, then that would add 10 more companies—and the total of the investments controlled by Silva would exceed 80 percent of the investments in the state-controlled sector of the economy.

Should this happen, it would be the best evidence that the Ministry of Infrastructure will, in the future, be receiving companies that are in dire economic and financial straits. The Siderbras group, certain to be a candidate for privatization, has the highest indebtedness of all Brazilian government-controlled companies; according to some sources it's the most debt-burdened firm in all the world.

Giants such as Petrobras also suffer from the constraints on prices and fees, and the burden of the Proalcool program. These are problems that the new minister will have to deal with in order to achieve the goals described in the government action guidelines.

* Petrobras Privatization Lauded

90ET0151C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Feb 90 p 3

[Editorial: Maybe This Time?]

[Text] Future Minister of Infrastructure Ozires Silva has started out on the right foot. And with a firm step, scoring a direct hit on one of the most impenetrable and powerful federal government corporations: Petrobras. It will not be privatized as regards petroleum and gas exploration, production, and shipment, since these are protected by the Constitution, but all 116 of its subsidiaries, affiliates, or controlled firms will rapidly enter the private sector. It's time for Petrobras to get back to its legally established functions, which do not include adventurous excursions into risk activities in other countries, looking for petroleum that might just as well be sought here at home. It's a pity that, precisely because of the successful lobbying by the company, the Constitution maintains and expands the monopoly by prohibiting risk contracts, since this hampers the privatizing intentions of the new government. It also forces us to continue maintaining our "monopoly over the risk," as if it were a prudent policy of preserving the sovereignty which we

lost—yes, we did—when we accumulated more than $60 billion in debts by importing petroleum. However, much can be done without offense to the Constitution. Many companies in the group can be closed down, since the only thing keeping them alive is the oxygen tent provided by Petrobras, which rescues them with the surplus it earns from the exercise of an unproductive and incompetent government monopoly—subsidized not by the government directly, but by society as a whole. So, the observation by Deputy Delfim Netto is very timely: "They say that Petrobras is ours. No, it belongs to its employees...." And there are more than 80,000 of them, receiving salaries above the average market level. To which Mr. Ozires Silva adds, "this may actually be legal, but it is immoral."

In his first interview, the new minister also referred to the genuine challenges which the future administration will encounter in its attempt to trim back the tentacles of the company: The power of its structure which, during these decades of monopoly and total domination over the central government, has created an effective defense system, an impenetrable citadel. In that connection, he recalled that, as president of Petrobras, he had been "knocked out in every round," since he couldn't even manage the personnel...imagine how he fared with the rest! That illustrates the obstacles that President-elect Collor de Mello will face. It will be a titanic struggle, and we don't yet know who will be the victor. On its side, Petrobras has the advantage of having won all the battles so far, and the fact that it is bolstered by the Constitution. Only its financial weakness somewhat debilitates it, but it would be unwise to underestimate the strength of the backing it has, paradoxically, in the PT [Workers Party], in the information services, on the Left, and in the Armed Forces—which find in Petrobras a quiet spot for retired military men to spend their declining years....So it is not entirely a matter of patriotic nationalism. The future chief of government needs to act extremely quickly and decisively in his very first days in office, without dilly-dallying, just as Mr. Ozires Silva promises he will do. He should not put off until the following week the first acts of privatization and personnel dismissals, so as to make it clear that he doesn't intend to follow the example of his predecessors. All of them talked about privatizing, but did nothing; quite the opposite. They expanded nationalization even further, because when they put shares of government companies on the market, they held onto the majority of the stock and the controlling interest. That simply meant transferring funds from the private sector to the state. Instead of privatizing, they misrepresented the true situation, nationalizing through the stock markets in a maneuver that was not very subtle but was smart—a move we denounced at the time.

What we anticipate is a government that takes office determined to terminate the farce, to abandon activities not of its concern and that are, to make things worse, carried out at excessive cost. With rare exceptions, government companies do nothing. When they actually do something, they do it badly. They are just places for the employees to hang their hats. But they are powerful because, over the years, they have created a real class—a New Class—a well-paid technocracy that is efficient only when called upon to defend its illegitimate interests. The mobilization of the blue-collar workers and CUT [United Federation of Workers] against privatization is proof of an efficiency which is not reflected in its other activities.

Therefore, in view of the courage and the determination of the future minister of infrastructure displayed by straightforwardly announcing the privatization of the companies in the Petrobras group, we can only warn him to take care, and wish him good luck. He will need both.

* Impact of Anti-Inflation Plan on Banks Viewed

90ET0155A Sao Paulo EXAME in Portuguese
7 Feb 90 pp 22-24

[Text] The anticrisis plan presupposes the return of lending as a primary source of revenue, an increase in productivity, and reduced spending.

If the new government actually succeeds in knocking down inflation with a karate chop and not economic voodoo, as President-elect Fernando Collor de Mello promised in Tokyo, a good number of the country's current difficulties will be resolved—fewer, of course, for those who view the economic correction as a source of revenue. At the head of the line among involuntary beneficiaries of inflation are the banks, who have already begun to plan for a general belt-tightening like no other over the past few years, except possibly during the Cruzado Plan in 1986. "If inflation falls, our profits will certainly be reduced," says Bradesco President Lazaro de Mello Brandao. According to his calculations, with the current number of employees and its operational profile, Bradesco would begin to experience difficulties if inflation were to fall from its current level of 55 percent per month to around 20 percent. Like the largest private bank in the country, others would also suffer with a fall in inflation. It is estimated that the line between blue and red ink on the balance sheets, for the majority, lies in the vicinity of 15 to 25 percent monthly inflation.

In addition to the deacceleration of prices, a new threat of an increased profit tax is weighing heavily on the banks. Studies are being undertaken by Collor's economic advisors to increase the social contributions of the financial institutions in a way that the Treasury might claim part of the record profits of 1989. Currently, the banks set aside 16 percent of their liquid profits toward social contribution, in addition to the income tax of 45 percent. It is a bite that the bankers consider too strong. "The new taxes, if there are any, should be distributed among all industries and not only among the banks," says Brazilian Federation of Banking Associations (Febraban) President Leo Wallace Cochrane Jr. With such difficulties to face, bankers still do not appear discouraged, nor could they, since to mourn the end of inflation, or at least its reduction, would be a type of

hari-kari in an industry already low in the country's esteem. "The fall in profits will represent a healthy weight-loss diet, since the economy will be under control," Brandao believes.

Such a diet would not occur only and exclusively as a result of the loss of float, as financial executives refer to profits earned on capital flowing through the banks. As occurred during the Cruzado Plan, reduced inflation should be followed by a monetization of the economy—more paper money in the hands of the public—which tends to increase demand deposits and thus the expenses of banks with personnel and infrastructure dedicated to those services. With inflation at 5 percent per month, according to estimates, deposits in these accounts could reach $27 billion, almost 6 times greater than that now in the banking system. With the rise in interest-bearing accounts, demand deposits would practically disappear from branches. Monetary stabilization should also contribute to reduced open market business, which on the one hand diminishes banks' administrative costs, while on the other reducing intermediation revenue from those operations—today a major source of profits in the industry. "We already had that experience with the Cruzado Plan," Brandao remembers. "Before the Cruzado, Bradesco performed 240,000 open market operations per day, a number that fell to 100,000 in the following months." Today the bank does 440,000 open market operations per day.

"We Learned Our Lesson"

The increase in demand deposits, which implies a proportional growth in administrative expenses, could be compensated for if the government reduced the levels of reserve requirements that apply to them by 60 to 80 percent. "If the level of required reserves on demand deposits is not reduced, banks will have serious problems," says Bamerindus President Jose Eduardo de Andrade Vieira. Bankers believe that with stable money there will be no need to keep reserve requirements at current levels, which would threaten to throw banks into the red. "In the United States reserves are at 5 percent and in Europe they do not exist," says Brandao. "If we actually move toward economic stabilization, an instrument like reserve requirements could lose its usefulness."

Whether or not reserve requirements are reduced, what is certain is that the banks will definitely feel the fall in inflation, even though they have been preparing themselves since the Cruzado Plan to not depend so much on revenue from the float. The blow suffered as a result of monetary stabilization at that time was so strong that bank revenue as a proportion of GNP fell from 11.3 percent in 1985 to 7.8 percent in 1986. "We learned our lesson," says Brandao. "Since that time we have been preparing for a future reduction in inflation."

Lower Expenses

To prepare for a phase of greater monetary stability means to increase productivity. "Reduced inflation will force the banks to spend less and to maximize productivity," says Lloyds Bank in Brazil President Frederick Gibbs. "We have already been doing that for some time, since before the Cruzado Plan." In Gibbs' view, commercial finance banks like Lloyds would not be affected greatly by reduced inflation. "Our gain from the currency devaluation is proportionally much less than that of the retail banks," he says. "Thus, if inflation falls, we will have a loss of revenue, but less than average in the industry."

At Bradesco, which is decidedly retail in nature, the search for productivity takes the form of accelerating the automation process and improving its system of serving the public in the branches. "Until a short time ago, queues represented a drain on the bank," says Brandao. "Whenever they grew, the first reaction was to open more windows, hiring more personnel." Today, according to him, that no longer is the case. The increase in the number of customers cannot translate into longer lines: The problem tends to be resolved on the spot, through reassignment of employees. This conservative personnel policy has been practiced since 1986. After the Cruzado shock, when it had to impose a forced diet on itself, Bradesco, which had always experienced high turnover, decided not to fill vacancies that were being opened with the departure of employees.

As a result of that policy, the number of personnel was reduced from 140,000 in 1986 to 104,000 today. Bradesco estimates that should its payroll fall another 20 percent it would result in annual savings of $30 million. Personnel cuts alone, however, in addition to being a hard measure, are insufficient to resolve the problem of the loss of the floating factor. According to industry projections, institutions will have to raise their spread in credit operations by 1 or 2 percentage points or reduce the average rate of return to clients in the overnight market, which today is 80 percent over the variation in the LFT [Treasury Financial Bond]—or even adopt the two measures simultaneously.

Lifesaver

As large as the productivity gains and cost savings may be overall, these two items could only with great difficulty guarantee banks the same profits achieved until now. For that reason, bankers are now moving in the direction of creating new sources of revenue for when inflation falls. "We are not going to concentrate more than 15 percent of our liquid capital in one type of operation," says Banco Mercantil de Credito President Jaime Pinheiro. "With diversified sources of revenue we will be prepared to face turbulence caused by future stabilization plans."

In this environment, what stands out is a strengthening of capital market operations, particularly the issuance of stocks and bonds, and account management. Others are starting to specialize in certain niches, including the administration of funds from private sources, like Montrealbank. In addition to diversifying their sources of

revenue, banks will also have to reexamine some past values that have been obscured by inflation, such as credit operations, that today represent a small proportion of profits earned within the industry. "As soon as inflation falls, we will begin to lend more," says Jose Eduardo de Andrade Viera.

The bankers' goodwill alone, however, will not be sufficient to make such operations viable again. In addition to the reserve requirements on demand deposits, banks have the credit contingency requirements against them, which were half adopted in the Summer Plan and have still not been revoked. "It will be difficult to leverage borrowing as long as these are not eliminated," says Brandao, of Bradesco. Charging fees for services promises to be much less problematic as a source of revenue on which the majority of the banks, particularly the retail institutions, are betting all their chips. "Today, Bradesco survives on the free market," says Brandao. "Tomorrow, a good part of its revenue will be from charging fees." According to him, the bank does not charge for services provided to its clients because it does not have the ability to set rates. "But as soon as inflation falls we will do that in the wink of an eye," he says.

The difficulty of setting rates is not exclusively Bradesco's; a great number of banks are experiencing the same problem. "With current inflation, it is very difficult to allocate our costs and thus fix service fees," says Gibbs of Lloyds. "Up to what point, for example, is it sensible to pass on to the client indirect costs such as, let's say, my salary as president?" he asks himself. But banks that already charge fees, like Bamerindus, Chase and Meridional see no great problem in that. "We will enter a period in which the client will ask himself if it is worth the trouble to pay more for a service or not," says Chase Assistant Director Ionio Esteves de Mello Jr. "At that time quality, and not just profitability, will be extremely important."

If for the retail institutions service fees are the great lifesaver, for commercial banks the making up of lost revenue will come from other paths. Account management, merger and acquisition advisory services, and conversion operations are some of the alternatives that such banks should explore. "It will not be for lack of options that banks will cease to operate," says Boavista Bank Director Roberto Castello Branco. "There are an infinite number of services to be explored in the market." Even though their results could be affected at first, it will be difficult for banks to cease earning money in a stabilized economy. If it is impossible to survive without inflation, the large and efficient banks of Europe, the United States and Japan will have already transferred operations en masse to the countries located below the line of the equator.

* Collor Selection of Military Ministers Viewed

90ET0148B Sao Paulo ISTOE in Portuguese
24 Jan 90 pp 32, 33

[Text] In military jargon, President-elect Fernando Collor used regular blitzkrieg tactics on 17 January when he announced the names of his three military ministers: General Carlos Tinoco Ribeiro Gomes (Army), Gen Socrates da Costa Monteiro (Aeronautics), and Fleet Admiral Mario Cesar Flores (Navy).

In one fell swoop, Collor avoided the wear and tear of lengthy internal disputes for the post, as well as the ebb and flow of speculations about the creation of a Ministry of Defense. He also established an image of one who makes up his mind quickly when the topic is administrative routine. "The choice was absolutely personal," the president made a point of emphasizing, and his gesture was acknowledged by the experts in military affairs. "None of the men is a braggart," said one of those specialists. "They may not be democrats, but they respect the law."

So, on the eve of another international trip—an official one this time- -Collor had managed to clear the table of many of his problems. By selecting Flores for the Navy, for example, he even pleased certain circles in the academic community, which admires Flores as a regular collaborator with the Studies Unit of the University of Campinas. The unit produces studies on the role of the Armed Forces and condemns the participation of the military in internal defense and the tutoring of the civilian power structure. A native of Santa Catarina State, and at 58 the youngest of the three, the new minister of the Navy is considered to be an international authority on naval strategy and comfortable with political dialogue after his experience as military spokesmen on the Committee of the Notables—the Afonso Arinos Committee—that produced the initial draft of the Constitution in 1985 at the instigation of the government.

An admirer of Senator Mario Covas, PSDB [Brazilian Social Democracy Party] candidate for the presidency, Flores' professional performance has been termed brilliant. "He's an able intellectual, and one with pluralist convictions," said political scientist Renee Dreyfuss, his friend and steadfast student of the military in Brazil, hailing the appointment. The admiral's wife Doris, an artist, was also pleased but is jealous of the Navy: "It's my number 1 rival."

Another professional was named for the Army Ministry, although it can't be said that Gen Tinoco is a liberal, despite his admiration for Afif Domingos, PL [Liberal Party] candidate for the presidency. At age 62, the current military commander for the Southeastern Region (formerly the Second Army, headquartered in Sao Paulo) is a man with a fine resume, good education, and one who is demanding in enforcing regulations.

His selection, perfectly consistent with Collor's style, thwarted the expectations of the present minister,

Leonidas Pires Goncalves, who had worked hard on behalf of a friend, Gen Wilberto Luiz Lima, now a minister on the Supreme Military Tribunal. That was why, when he received a phone call from Collor congratulating him for the "personal victory," Pires Goncalves swallowed hard, but later gave vent to his true feelings with friends. Tinoco, once a student of former Colonel—now Senator—Jarbas Passarinho, actively opposed PT [Workers Party] candidate Luis Inacio Lula da Silva, but likes to say in the circles he moves in that he is apolitical.

It was politics, however, that guided Collor's decisions in the military area. One indication of this is the care he took to name officers who have no connections at all to the so-called "information community," the group within the Armed Forces responsible for the political repression during the dictatorship. Despite having been advised by a man who is thoroughly knowledgeable in his field—former Minister of the Navy Maximiano da Fonseca, now transportation director of Petrobras and former father-in-law of Paulo Otavio Pereira, a good friend of the president—Collor decided not to follow even his suggestion, since da Fonseca's favorite was Octavio Ache Pillar, not Flores.

Besides Tinoco, whom he came to know during the election campaign, the president-elect had already had contacts with another man who will be at his side in the cabinet—future Aeronautics Minister Socrates da Costa Monteiro, 59, who never concealed his preference for the then-candidate of the PRN [National Renewal Party]. Like Tinoco, an opponent of the creation of a Ministry of Defense, Socrates fought for the post, is a good public speaker, has friends in the Sao Paulo PMDB [Brazilian Democratic Movement Party], and won out against a powerful interests within his branch of service. The preferred choice of current Minister Moreira Lima had been his chief of military household, Murillo Santos.

Socrates won praise from former EMFA [Armed Forces General Staff] minister Brigadier Paulo Roberto Camarinha, dismissed in 1988 after a run-in with Treasury Minister Mailson da Nobrega: "He's an honorable man. When I was fired, he stood by me," said the current commander of the General Command of the Air about the new appointee.

It's a lesson to be taken to heart by Collor—and by Socrates, who after the announcement of his ministers heard the now-customary: "Everyone who accepts the invitation knows that they will start and finish with me—until the last day of my term of office."

[Box, p 32] The Navy Sends Flores

In 1986, Admiral Mario Cesar Flores, future minister of the Navy, participated in a lengthy seminar sponsored by the newsletter RELATORIO RESERVADO, which debated the question "Should the military engage in politics?" Flores, then a vice admiral and director of education for the Navy, was the only active-duty military officer present.

The following are some enlightening passages from the speech by the future minister:

"A lot of credence has been given to the idea that it is the duty of the Armed Forces to occupy the central position in our chronic institutional crises. The Armed Forces really have kept the Brazilian political structure in balance. But in my opinion, that has been the case more because of the weakness of the political, economic, social, cultural foundations and of the very institutional structure of this edifice, than of a military intent that was patently contrary to national convictions. Military conduct has traveled by some debatable paths, but has always encountered consent and sympathy in the national soul, which is disposed by historical training to live with some degree of authoritarianism—whether proceeding from the government or from the social structure—to live with centralization, the security and support of the State...."

This conduct also, Flores continued, "found encouragement in political and economic sectors eager to win military support for their ideas and interests, a circumstance that has been used to justify, mistakenly, some biased statements permeated with frivolous cliches, such as the Armed Forces being in the service of foreign capital and the social status quo. I am not saying, obviously, that interests of that sort never benefited from the military's actions. I am only saying that they were never the motivation behind those actions.

"Both the authoritarian and nationalist ideas on national organization and development, and the doctrine of security, had an influence—possibly a major one—on the military interference in national life, but it is wrong to attribute the sole responsibility to them, since it would have been impossible to impose on Brazil, on several occasions and for long periods, national courses of action that had been categorically rejected by the nation which, if it did not fully support the authoritarian action, at least did not oppose it in terms of a forthright and clear majority, except perhaps during the twilight of the 1964 regime.

"It is certainly true that the military thinking of the 1964 regime, somewhat Manichean, because consistent with the climate of political- ideological radicalization of the era, it facilitated the treatment of subjects of vital interest in closed groups, and produced certain characteristics of national development that ended up favoring the control by the State and the idea of Brazil-power, something naturally appealing to the military soul, to the detriment of the idea of a Brazil less enslaved by the State, less imbued with the sentiment of Brazil-power, and more dedicated to its social responsibilities."

* Lula Addresses PT Role in the Opposition

90ET0157A Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Feb 90 p 14

[Interview with defeated leftist presidential candidate Luis Inacio Lula da Silva by correspondent Joao Batista Natali, in Sao Paulo; date not given; first three paragraphs are introduction]

[Text] Luis Inacio Lula da Silva, 44, says the PT (Workers Party) will assume a posture of constant opposition and "vigilance" regarding the administration of Fernando Collor. However, he rejects the idea of his party behaving as "a spoiled brat" should the president-elect adopt the right measures.

This is one of the stands taken by the former Brazil Popular Front candidate in his first exclusive interview since going down to defeat on 17 December. He also spelled out the mistakes made during his campaign.

"Collor had the ability to get where he got" Lula said after soft-pedaling the effects of disclosures by Collor's former girlfriend Miriam Cordeiro. He attached greater significance to attempts to link the PT to the kidnapping of Abilio Diniz. This, said Lula, was a decisive move in the "ideological war" waged by the "dominant classes." The following are the major passages from the interview:

[FOLHA] Why did PT lose the 17 December election?

[Lula] PT lost the election before the 17th. Up until 10 December our people were in a privileged situation. Although no survey had yet put PT and my candidacy in the lead, we were moving up. The estimate was that by the 17th we would have a 3-percent edge over Collor.

[FOLHA] But don't you think some sort of tactical incompetence or some major error played a part?

[Lula] There was no single cause. The second round was complicated from a scheduling viewpoint, and we did some things wrong. We spun our wheels too long making an alliance with the PSDB [Brazilian Social Democracy Party] out of respect for that party, its internal problems, and debates. Although Brizola's support had been crucial, we think that flirtation of his with Bisol was something of an embarrassment at the start. Because some sectors of the dominant class feared defeat during the final week of the campaign, attacks on the PT grew more fierce.

[FOLHA] But the PT was also slow to notice that Collor was changing his tactics.

[Lula] We made that mistake. We thought everything was going our way. Our adversary changed tactics, we didn't, and that was fatal to us.

[FOLHA] And that was the key to Collor's ability to get himself elected president or was there some other underlying process?

[Lula] You know what I think? Based on the political situation alone, Collor had the presidency won last May. Part of the dominant class tried to put him in office right after the first round. In May a lot of people doubted Collor would win in the first round, and we understood it was possible he might not even run in the second round. If Sarney hadn't blundered into the agreement to debate Collor in the last week of round one, Collor was in danger of falling farther behind.

[FOLHA] But don't you grant that Collor did a good job of showing by his conduct that he was able and articulate?

[Lula] Of course I grant the merit of someone who had nothing in January and 46 percent in May. That person had to have something going for him on the three television programs where he appeared. He knew how to get the most out of the teaspoonful of media attention which was all he got for some time. He had the ability to get where he got. He even had the ability to change the game when he was losing it.

[FOLHA] There are analyses that go as follows: Ten years ago the left was an embryo, and it never had the time to grow enough to capture the presidency in 1990.

[Lula] No. We got further than most political scientists imagined we could. But you have to agree there was an ideological war going on in the final two weeks in Sao Paulo. Also going on was a process of "burning" the PT never before seen in this country. For example, saying such things to the middle class as: Do you have two rooms in your house? If the PT wins, it will take one of your rooms.

[FOLHA] If someone from PT were to meet with Bernardo Cabral, would the party criticize him?

[Lula] Cabral is not speaking as a deputy but as a representative of the Collor administration. We have said we will speak with the administration through the legislature, through the press. We don't wish to meet with the administration. It's a party decision. From a political standpoint we have nothing to talk about.

[FOLHA] There's a lot of talk about civilized opposition. Suppose inflation drops 70 percent, would PT have the humility to cheer the Collor administration?

[Lula] That's absurd. In the first place, anyone who talks of civilized opposition is shamelessly close to a contradiction in terms. Insofar as the administration adopts measures that may be the right ones, PT has no reason to behave like a spoiled brat. However, what we will be is a constantly vigilant opposition because we know we'll hear some big lies in the early going.

[FOLHA] Why did you lose in Sao Paulo? Was it the mayor's fault?

[Lula] I've never blamed the mayor's office for the number of votes I did or didn't get. Every mayor's office won by the people creates high expectations. When you generate lots of expectations, you also generate lots of frustration.

[FOLHA] That's the position taken by the PT municipal leadership in its document on the city administration. But the document goes even further. It says there was a lack of emphasis on social programs.

[Lula] I don't think it's right to blame any city administration. The first year in office always takes the highest

toll because you're working with a budget drawn up by the outgoing administration and normally with all items fully committed. It takes time to oil the machinery. And we ran a poor campaign in Sao Paulo. We thought Sao Paulo was a foregone conclusion. In the first round we saw we weren't as well off as we imagined. We got the mayors together, and I asked them to make an all-out effort to see if we could turn things around.

[FOLHA] And things weren't turned around?

[Lula] There wasn't much time, and I think we wavered. Some of the media gave us a negative image, and our people didn't succeed in reversing that image. From the start of the Luiza Erundina administration, the media tried to project the image of a dirty city. Then they tried to create an image based on the collapse of the Nova Republica tenements, the Lubeca case.

[FOLHA] How are the understandings with Brizola's PDT [Democratic Workers Party] working out? One scenario was for you to support PDT in Rio in exchange for their support of PT in Sao Paulo.

[Lula] We did not trade Sao Paulo for Rio precisely because PDT doesn't have much of an electoral following in Sao Paulo. But we are interested in discussing in great depth the alliance with Brizola in Sao Paulo, Rio de Janeiro, Bahia, Porto Alegre, Belo Horizonte, and other states.

[FOLHA] Some days ago PASQUIM reported that in the second debate you were tense because among the files on Collor's desk were charges about an amorous involvement of yours in Brasilia.

[Lula] If I had a lover and this put my campaign in jeopardy, I'd never be a candidate because I would not subordinate the party to something personal.

[FOLHA] In your opinion was the Miriam Cordeiro episode crucial for....

[Lula] I don't think it had major repercussions. I think the kidnapping of Abilio Diniz had many more.

* Oil Reserves Expected To Triple in 10 Years

90ET0138C Rio de Janeiro O GLOBO in Portuguese 4 Feb 90 p 48

[Article by Ramona Ordonez]

[Text] Brazilian petroleum reserves will almost triple by the year 2000, while annual production will increase 166 percent over 1989. These figures were revealed exclusively to O GLOBO by Wagner Freire, director of exploration and production of Petrobras. He explained that Petrobras foresees that reserves will reach 7.3 billion barrels by 1999, as against 2.7 billion barrels currently in reserve. This significant increase in reserves will be made possible by the addition of the petroleum already discovered in the deep fields of Marlim and Albacora, in the Campos Basin, which together hold more than 5 billion barrels of oil.

Studies conducted by Petrobras indicate that petroleum production could reach 1.6 million barrels per day [b/d] in 1999, compared to the 617,000 b/d produced in 1989; that is, an increase of 166 percent. These figures could change, however, and for the better; the director said the company is about to confirm, this weekend, the discovery of another oil field in deep waters in the Campos Basin.

Confirmation will be possible with the completion of the flow tests on Well RJS-412, situated at a depth of 700 meters (measured from sea level to ocean floor) near the Marimba field in Campos. In the profile (tests similar to an X-ray) of the well, a column of light petroleum 5 meters wide was discovered.

Another important factor is that the more drilling is conducted in the deep water regions of the Campos Basin, where Albacora and Marlim are located, the more petroleum the state company discovers.

The petroleum producing countries are in the habit of making periodic estimates of production capacity in relation to their reserves; i.e., the ratio of reserves to annual production. This is an indicator of how long it would take to exhaust oil reserves if production were maintained at the same rate and no more petroleum were discovered. In Brazil's case, according to Wagner Freire, the reserves of 2.7 billion barrels would be exhausted in 12 years.

This is only an indicator, however, and does not mean that the petroleum is going to run out at the end of this period. Taking into account the petroleum discovered in deep waters, the reserve/production ratio virtually doubles, to 24 years.

"This indicator does not mean that in 12 years we will not have any more petroleum. Because of the characteristics of the reservoirs and with the use of advanced recovery methods, the useful life of the field is much greater than that indicated by the reserve/production ratio, which is computed at the initiation of production Then, too, we keep discovering more petroleum."

The figures demonstrate precisely the contrary: Instead of reserves being exhausted in 12 years, they will almost triple in 1999, when they should reach 7.3 billion barrels of oil. At that point, the reserve/production ratio will be 12.3 years. This demonstrates that, despite a strong increase in the nation's oil production, of about 166 percent, the current average of 12 years before reserves are exhausted will still be maintained in 1999.

In this decade, the 5.2 billion barrels of petroleum already discovered in the giant fields will be added to the nation's reserves, which will thus reach 7.3 billion barrels in 1999. The oil is counted in the reserves only when

the technology exists to extract it. For this reason, the oil located in the deep water fields has not yet been included in the nation's reserves.

World petroleum reserves stand at 1 trillion barrels: 917.4 billion in the West and 84.1 billion in the communist world. The world's reserve/production ratio is 46 years. In the last 20 years this ratio has fluctuated between 30 and 35 years.

Production Cannot be Speeded

Did you know that, on the average, it is possible to extract only 20 percent of the oil existing underground? This is true. But it is no cause for alarm, because Brazil's reserves of about 8 billion barrels (including deep water deposits) represent only the volume recoverable from the reservoirs. According to the director of exploration and production, there is another characteristic of the oil fields; if you attempt to accelerate production from a field, the reservoir could be damaged and you could permanently destroy all possibility of production.

This is because, if oil is not extracted according to exacting standards and calculations, the result could be to block up the reservoirs that contain the hydrocarbons (natural gas and petroleum) and then all the oil would be irretrievably lost. This is what is known as predatory production.

However, because the recovery factor is so small (only 20 percent), the petroleum industry has developed various methods that will permit production slightly above this percentage. These are known as secondary and tertiary recovery methods.

The director explained that, in the secondary recovery method, water or natural gas is injected into the well to "free up" the petroleum trapped in the sand. In the tertiary recovery method, steam is injected or combustion is generated "in situ," raising the temperature so the oil can free itself.

Petrobras uses both methods, primarily steam injection. The recovery generally takes place soon after the initiation of production in the field, because it makes it possible to maintain pressure in the reservoir, extending its useful life.

"We are not a petroleum power, but our reserves are comfortable, because, as we see, by the year 2000 the production/reserve ratio will be maintained at 12 years, despite increasing production," Freire pointed out.

Wagner Freire observed that Brazil is in a more comfortable position than other countries, such as England, whose reserves would be exhausted in 5.2 years, and even the United States, which has a reserve/production ratio of 9.5 years.

He noted that, despite the nation's increasing volume of production, Brazil has maintained its average at 10 years, thanks to the discovery of new reserves.

* CVRD To Produce Region's First Titanium

90ET0138E Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Feb 90 p 4

[Article by Luis Carlos Correa]

[Text] Belo Horizonte—This month in Santa Luzia (Minas Gerais), the Rio Doce Valley Company (CVRD) will put in operation the first metallic titanium plant in Latin America. Production will be on a pilot scale (only 5 tons per month), but is already destined for sale, primarily to industries producing aviation components. Production will be based on imported titanium tetrachloride, which CVRD should be producing itself by the end of the year, using concentrated titanium ore that the company processes at its anatase mines in Araxa (Minas Gerais). The directorate of CVRD predicts that in 3 years the company will have completely mastered the technology for production on a commercial scale.

According to Jose Marcio Paixao, Valley's superintendent of technology, the company has mastered production of metallic titanium, based on research and development initially undertaken by the CTA (Aerospace Technology Center), and also of the tetrachloride, in this case with technology developed entirely by CVRD technicians and at a much lower cost than the conventional process used in the major producing countries. Valley is investing $1.2 million in the metallic titanium pilot plant and $8 million in the titanium tetrachloride plant. The present phase is considered the most critical in the development of production of the various titanium-based products and, once concluded, will allow Brazil, which now exports only the concentrated ore, to enter the exclusive club of countries that dominate the world market in metallic titanium, on the order of 70,000 tons a year.

Large Scale

The CVRD Titanium Project was initiated 2 years ago and, according to Paixao, in 5 years the country should be producing both metallic titanium and other derivatives on a large scale for the world market. In Araxa, Brazil has the world's largest deposits of anatase, the mineral that will be substituted for rutile in the process of producing titanium tetrachloride. Rutile is the mineral currently used by the producer countries.

During the 3 years of operation of the two pilot plants, the cost of production and the quality of the titanium tetrachloride and metallic titanium will be analyzed. The company will also have the benefit of input from the metalworkers who use the titanium products that are now going into manufacture on a pilot scale. Titanium tetrachloride is used to produce metallic titanium and also titanium hydroxide and dioxide, both used in the manufacture of titanium pigment. The nation's industry currently imports 500 tons a year of metallic titanium, a volume that, in the future, will be supplied entirely by the plant that is to be installed, using CVRD technology. CVRD production will be destined almost totally for

export. Some 20 of the CVRD's top technicians are engaged in research on the Titanium Project and 138 people will be employed in the 2 pilot plants.

[Box, p 4] $7 Billion Market

Belo Horizonte—Called the "metal of the future," highly resistant and virtually corrosion-free, metallic titanium made a timid entrance on the North American market in the 1950s. Owing primarily to the development of the aviation, naval, and aerospace industries, today titanium represents $7 billion in annual sales. The hulls of the awesome atomic submarines are entirely of heavy 8-inch-thick plates of metallic titanium. It is also found in various rocket components, artificial satellites, supersonic aircraft, landing gear, and fuselages of commercial planes.

Depending on purity and other factors, the price per kilogram of metallic titanium ranges from $30 to $160. Industrially, it is used in tubing, reactors, bayonets, heat exchangers, generators, and other products requiring materials that are highly resistant to impact, temperature, and corrosion.

Titanium is also used in dental and medical prostheses and in petroleum platforms. We are greatly indebted to titanium for the existence of superconductors. Within 5 years, Brazil will stand beside the major producers—the United States, Japan, the USSR, England, and France—which use the concentrate from the great rutile mines of South Africa and Australia.

* Ozires Silva Identifies Three Priorities

90ET0157B Rio de Janeiro O GLOBO in Portuguese 21 Feb 90 p 21

[Text] The extension and modernization of the Brazilian telephone system will get high priority under the future Minister for Infrastructure, Ozires Silva. He has vowed that, as of March 16, he will immediately judge the international competition to launch a communications satellite if the Sarney administration hasn't already done so.

"I'm already wearing down my finger on efforts to complete the linkages for the Long Distance Direct Dial System (DDD)," Ozires said yesterday in Sao Paulo. He noted that the satellites now in operation will go out of service in 1993.

Ozires Silva knows about the difficulties awaiting his ministry which oversees telecommunications, transportation, mining, and energy. He wants to make the best possible use of existing infrastructure, increase public servants' productivity, and press for privatization. This he described as "returning to the people what belongs to them."

"Brazil grew and modernized, but it let the mentality of 'the servant of the public' disappear and turn into 'public servant,'" said the former president of Petrobras [Brazil Petroleum] and Embraer [Brazilian Aeronautics Company]. In dealing with officialdom, he believes Brazilians should adopt as their guiding principle the motto: "Mister, I'm the one who pays your salary!"

Although the future infrastructure minister has not said how he will solve problems of red tape and excess bureaucracy, he's promised to attack on three fronts:

"We're going to concentrate on getting rid of double jobholders, those earning more than market value for their skills, and those using artificial resources to inflate their income," Ozires said.

Concerning priorities in his ministry, he said the Collor administration won't know the meaning of the word "wait."

"Hunger, misery, broken down schools cannot wait," he said. He blamed the nation's low levels of saving for the chronic woes besetting its federal highway system, shortages of phone lines, and even of alcohol.

Concerning the need to privatize state-run companies, Ozires pointed out that the government's goal is not to generate public employment. It is to stimulate job creation in the private sector.

"Nowadays bad connotations have made privatization a dirty word. Brazilians have to change this attitude," he said. However, he advocates continued opposition to monopolies.

"If government monopolies are debatable, private ones are intolerable," he stated. Although a defender of Petrobras as a state enterprise, Ozires favors privatization of Embraer. He also called for studies on privatization of 103 subsidiaries either controlled by or linked to Petrobras.

The future minister blamed problems in the computer hardware and software market on mismanagement rather than on the Information Science Law, which favors corporate providers in Brazil to the detriment of users.

"We have a costly industrial structure, and as a consequence consumers pay a lot for what they buy," the future infrastructure minister concluded in extolling another shift in popular attitudes. "People must learn to demand their rights. They need to insist on products that are less expensive and of higher quality and on efficient technical assistance."

Nuclear Pact With Germany To Be Renegotiated

Future Infrastructure Minister Ozires Silva is willing to renegotiate the nuclear pact with Germany since using nuclear energy can be a politically acceptable option for Brazil.

"The Germans want to discuss the pact, and we're willing to talk. In the final analysis we're living in a time when the negotiating table has replaced the battlefield," he said.

He regards nuclear energy as a live option.

"In France 43 percent of the power supply comes from nuclear plants, but it's a flat country and doesn't have the waterfalls that we do. On the other hand, we cannot transfer growth to where our waterfalls are," he noted.

Ozires Silva is about to take charge of ministries with budgets totalling $11 billion (305.8 billion new cruzados at the official rate), a fact he does not find consoling.

"Given the complexity of the problems, I don't believe all that money will be enough. At current inflation rates worker salaries aren't all that's eroded. The resources of the federal government are also affected," he said.

In an afternoon interview, Ozires Silva was asked if he didn't think the government had overprotected Rede Globo [Globe Television Network]. He replied that he preferred to think there was competition in the communications sector. He reminded the interviewer that Globo took over Channel 5 in Sao Paulo from a group that was faltering under the leadership of Vitor Costa.

"Globo got in, and business skyrocketed. It made money, it grew. Some might say protection was why and others that it was competition. I don't mean to say Vitor Costa was incompetent because he was very enterprising in his time. I have a different opinion in this regard. I'm not afraid of success. In this country people who succeed are always criticized. I want all Brazilians to be successful."

Chile

Minister on Relations With Mexico, Bolivia, Cuba

PY2003023090 Santiago Radio Cooperativa Network in Spanish 2300 GMT 19 Mar 90

[Text] Chilean Foreign Minister Enrique Silva Cimma has termed the resumption of diplomatic relations with Mexico as important. This resumption of relations will be consolidated on 23 March.

In an impromptu news conference, the foreign minister commented on the situation with Bolivia, requests for approval of new ambassadors, and the possible establishment of relations with Cuba.

In view of Bolivia's announcement on sending a new consul to Chile, Silva Cimma said that the Chilean Government will decide this Thursday on naming a Chilean consul to Bolivia. He said that there is goodwill toward cooperation but that no decision has been made in terms of reestablishing relations. As is known, the two countries severed relations in 1978 over Bolivia's landlocked situation.

The foreign minister also reported that all requests for approval of new Chilean ambassadors will be sent by next week.

Regarding prospects for the reestablishment of relations with Mexico, the foreign minister said:

[Begin Silva Cimma recording] This is very important from all points of view. First, because of the importance of unifying the Latin American family; and second, because we have not forgotten that Mexico severed relations with Chile in an expression of political solidarity with the people of Chile over the events of 11 September 1973. The president himself wants to resume these relations at the highest level. This is unusual.

This will all take place during the visit of President Salinas de Gortari, who will arrive on 22 March. He is coming with a high-level delegation to reestablish relations. These relations are very important for us, especially because they represent the possibility of achieving overall Latin American integration. The resumption of these relations also implies a recognition of the solidarity with the people of Chile over the past 16 years as expressed by the Mexican Government and others. [end recording]

This resumption of relations is part of the government's policy of opening up, which has already begun with the reestablishnment of relations with East European countries, the foreign minister stated.

Regarding Cuba, he said that a possible resumption of relations is being studied thoroughly. This demands a more profound analysis, he concluded.

Spokesman: FPMR Not Ready To Give Up Arms

PY1903203490 Buenos Aires DYN in Spanish 1416 GMT 19 Mar 90

[Text] Madrid, 18 Mar (AFP)—According to Alfredo Malbrich Baltra, spokesman for and member of the Manuel Rodriguez Patriotic Front [FPMR] national leadership, the FPMR will "not give up its arms nor disband as long as the Armed Forces are not closely intertwined with and subordinate to the people."

In an interview published by the Madrid newspaper EL INDEPENDIENTE on 18 March, Malbrich added that "as long as there is a risk of fascist and reactionary forces using arms against the people, the FPMR has a reason for its existence." He stressed that "in any case we will not do anything that might harm the process (of democratization) or be used by the fascist sectors to justify the use of force against the people."

Alfredo Malbrich stated that "President Aylwin, chosen by the majority of the people, should seek the backing of the people and take advantage of their support to expel Augusto Pinochet from the Armed Forces and bring him to court." He concluded by saying that "if this does not happen, our organization will reevaluate the situation and act appropriately.

Radioactive Capsules Rumored Missing at Hospital

PY1903204390 Santiago Radio Chilena Network in Spanish 1700 GMT 19 Mar 90

[Text]Patients and employees at the Cancer Hospital are really terrified about the rumors—which haven't been

denied—that two radioactive capsules have turned up missing and are now affecting personnel. Two employees have recently been found to be suffering from advanced stages of cancer.

According to Lidia Herrera, president of the employees association and a member of the National Federation of Health Workers, Fenats, there is a panicky situation at the Cancer Hospital because no serious information has been released regarding some missing radioactive intrauterine devices.

According to Lidia Herrera, employees are planning to discuss the problem with the director of the hospital after his return from a trip to United States.

Colombia

Authorities Order Arrest of British Mercenaries

PA1903184090 Hamburg DPA in Spanish 1709 GMT 19 Mar 90

[Text] Bogota, 19 Mar (DPA) — It has been reported today that a Colombian court has ordered the arrest of British mercenaries Peter Stuart McAleese and Brian David Tomkins, who reportedly are in the country training ultrarightist paramilitary gunmen in the service of drug trafficking gangs.

The decision was made after the court learned of an investigation carried out by the Administrative Department of Security (DAS)—Colombian secret police—disclosing the work performed by these foreigners.

McAleese and Tomkins were in Colombia several times in 1988, when they gave courses on warfare to criminal squads financed by the Medellin Cartel.

The evidence on the presence of the mercenaries is contained in a video which shows the British mercenaries training gunmen in a rural area of the extensive Magdalena River area, in the interior of the country, considered the "center of operations" of the mafia.

Paramilitary ultrarightist groups were created at the beginning of the past decade—by Gonzalo Rodriguez Gacha, second leader of the Medellin Cartel, killed by police in late December—especially to organize a "private army" against people's leaders and leftwing leaders.

According to the court that issued the arrest warrants, McAlesse and Tomkins are closely linked to several massacres of peasants carried out some months ago in the banana-growing region of Uraba, in Northwest Colombia.

Other mercenaries such as Israelis Yair Kllein and Arik Asek—recently and misteriously killed in Miami—have also trained drug trafficking criminal commands.

Violence Leaves 45 People Dead in One Day

PA2003041190 Madrid EFE in Spanish 0045 GMT 20 Mar 90

[Text] Bogota, 19 Mar (EFE)—Military and police authorities have agreed that at least 45 people were killed in Colombia today, one of the most violent days of the year.

The victims were killed in clashes between guerrillas and the Army, police ambushes, multiple crimes, lynching of robbers, and murders of peasants in various places around the country.

According to the Defense Ministry, the regions most affected by this violence are Antioquia Department (northwest) with 17 dead; Cauca Department (southwest) with 11; Cordoba Department (northwest) with 6; Norte de Santander Department (northeast) with 5; and Boyaca Department (central region) with 3.

The most serious incidents occurred in Apartado, in the Uraba region (Antioquia Department) when a group of unidentified men, wearing ski masks, murdered six people in an ice cream shop.

Apartado police inspector Emiro Ospina Dominguez said that the unidentified men forced patrons of the Sonorama Ice Cream Shop to lie on the floor, shot them, and then fled.

Police reported that at least four people were killed in various acts of violence in other towns of Uraba, a rich banana region.

Authorities also disclosed that in El Alacran gold mine, near Puerto Libertador (Cordoba Department) a group of at least 15 armed men, apparently guerrillas, killed four workers and wounded another three, and stole an unspecified quantity of gold.

Also in Cordoba, in a rural area of San Andres de Sotavento, several peasants lynched a couple that had robbed a milk truck.

A peasant was killed by the couple during the confrontation.

Near Chiriguana in Cesar Department (northern Colombia), two individuals who had attacked a passenger bus were killed in a clash with police. One policeman was seriously wounded in this attack.

Another seven peasants were killed in Cauca Department, three on a farm in Puerto Tejada and another four for various causes in Piendamo, Totoro, Mercaderes, and Corinto.

Five guerrillas, four men and a woman, were killed in a clash with the army near Puerto Lleras in Norte de Santander Department (approximately 560 km northeast of Bogota).

Concerning this, the Defense Ministry explained that troops of the Maza Mechanized Group of the Fifth Military Brigade fought with guerrillas of the Marxist Army of National Liberation (ELN).

In conclusion, police reported that three policemen were killed and another wounded in an ambush by suspected guerrillas near Pauna, an emerald-producing region in Boyaca (central Colombia).

* Cartagena Summit Elicits Positive Reaction

90ET0143C Bogota EL TIEMPO in Spanish
17 Feb 90 p 1B

[Text] The drug summit in Cartagena attended by the presidents of the United States, Colombia, Peru, and Bolivia has elicited favorable reactions in this country and abroad.

There was agreement that for the first time the phenomenon of drug trafficking has been addressed comprehensively, that is to say, by designing a policy that deals simultaneously with production and consumption.

Various sectors also agreed that the general framework of the agreement was important, because it combines every aspect of law enforcement and economic cooperation in attacking this criminal activity and creates the conditions for the economic development of the drug-producing nations to prevent the phenomenon from arising again.

Support From USSR

The Soviet Union yesterday voiced its support for the summit against drug trafficking, which is "devoted to such a burning problem for mankind." Gennadiy Gerasimov, the official spokesman of the Foreign Ministry, asserted that "although the results achieved merit intensive analysis, the very idea of regional cooperation in this area, based on international law, deserves our support. We hope that the program that has been agreed upon at this summit will contribute to the success of the special session of the UN General Assembly on drug trafficking, which will be held in New York on 20 April."

Beneficial Results

Liberal Party presidential hopeful Cesar Gaviria Trujillo said in Pasto (Narino) that the Cartagena summit "had beneficial results for Colombia and is a recognition that drug trafficking is a many-sided problem."

Good Intentions

The official candidate of the Social Conservative Party (PSC) was skeptical about the results of the Cartagena Drug Summit, saying that if the conclusions of the meeting become a catalogue of good intentions "and therefore do not materialize, we can then say that the meeting was not a success."

Speaking before a group of supporters in Valledupar (Cesar), he stated that the success of the event would depend on what specifically happens over the next few weeks.

"If as a result of the meeting there really is cooperation among countries to tackle the problems of drugs, if the United States takes real action on demand, if there is a definite impact on Colombian trade with the United States, if there is real foreign-debt relief, then we will be able to say that the meeting was a success," he added.

Positive, Says Samper

The positive thing about the summit meeting in Cartagena among President Bush and his Andean counterparts is that the general approach to drugs and to the responsibility of all the countries involved has changed, Liberal Party presidential hopeful Ernesto Samper Pizano said yesterday in Medellin.

Samper Pizano said at Eafit University that Colombia is not the only battlefront on which this war can be won and that the real one was among consumers.

He also said that the only kind of aid that the country needs is aid for peace, in other words, a lowering of the tariff barriers that prevent our products from entering U.S. markets, the restoration of the Coffee Pact, and a reduction of the foreign debt.

New Markets

In order for Peru to offset the loss of $700 million in revenue from coca-leaf growing, the doors to international markets must be opened to subsidiary agriculture.

This assertion was made by Peru's foreign minister, Larco Cox, at the close of the drug summit in the city of Cartagena, which was attended by Presidents Alan Garcia of Peru, Virgilio Barco of Colombia, George Bush of the United States, and Jaime Paz Zamora of Bolivia.

The Peruvian foreign minister asserted that in order to eradicate the growing of coca leaves there must be no barriers to substitute products on international markets. "They must at least have the same profit margin, and that can be achieved only by eliminating tariff barriers on the markets in which difficulties are being created for us," he said.

No Danger

The Colombian ambassador in Washington, Victor Mosquera Chaux, was pleased with the results of the drug summit.

Mosquera Chaux said that most importantly the summit went altogether normally, belying the concerns of the U.S. press about President Bush's safety. "There were no problems, no incidents, none of the impressions that the U.S. press had created about the risks that President Bush was running," he contended.

As for the agenda of the summit, Mosquera Chaux indicated that it was discussed with great anticipation and that all countries were able to express their views without restrictions. "There were disagreements between the participants, but in the end they achieved a satisfactory agreement for the battle against drugs, not only concerning drug trafficking but consumption and production, too," he asserted.

Submissive, Says Jaramillo

The Patriotic Union [UP] presidential candidate, Bernardo Jaramillo Ossa, described Presidents Virgilio Barco of Colombia, Alan Garcia of Peru, and Jaime Paz Zamora of Bolivia as "cowardly and submissive" for meeting in Cartagena with U.S. President George Bush.

Speaking before a multiparty rally attended by some 3,000 persons, the UP candidate blamed the United States for the social and economic crisis with which Latin American nations are struggling.

"That fellow (Bush)," he said, "who has come to Colombia supposedly to extend his hand, is none other than the person responsible for shattering the world coffee pact and for producing policies that harm the working classes."

He added that the Cartagena summit "is nothing more than a farce."

* Duran Dussan Discusses Political Objectives

90ET0143D Bogota EL TIEMPO in Spanish
18 Feb 90 pp 1A, 4B

[Interview with presidential candidate Hernando Duran Dussan by correspondents Edulfo Pena and Sergio Ocampo Madrid; date and place not given; first 10 paragraphs are introduction]

[Text] He has lost a few kilos, and his look is somewhat softer. Yet his spirit is more hardened, more combative than ever.

He is more certain today than ever that he will become president. He does not hide it. The support he has gotten most recently and the stormy political scene in which his rivals seem to have embroiled themselves have reassured him.

His ideological line is the same. He is a man of stern convictions, is profoundly certain of the need for order and discipline in the country, has little patience for what he regards as outside the law, and is unwilling to continue tolerating it.

Therefore, he has announced that he will talk with the guerrillas, even with the Army of National Liberation (ELN), but for a predetermined period: 3 or 4 months.

After that he is determined to make "the full weight of the law fall on the subversives." He has a strategy, which he has not yet revealed. "Sufficient unto the day is the evil thereof," he says.

He is not a likable man. And he knows it, but he does not care.

This is not a disadvantage, however, since throughout his life he has always used his cold personality and dry manner as part of his image as a tough man of strong, radical character.

This has been one of the keys to his success in politics. Two days ago this hard-boiled approach won him a victory over the other presidential hopefuls, who wound up supporting his conviction that a constitutional reform must be carried out as the constitution itself provides: by Congress, not through a special procedure.

All in all, he is a vulnerable man who does not tolerate criticism easily and who loses his calm when challenged. On such occasions he raises his voice, waves his hands, and knits his brow even more.

His illness at the end of the year took some of his physical strength away. His spirit, however, is more hardened, more aggressive, more combative. He is altogether certain that he is going to be Colombia's next president. One can tell that as soon as he starts to speak.

[EL TIEMPO] There are three issues that the current administration is apparently going to leave unresolved, for various reasons. One is peace. What specifically would Hernando Duran do as president to finish what Barco did not?

[Duran Dussan] I will talk with the M-19 to assess the strength of the commitments. A reassessment is imperative. I agree with the pardon but not with the special district, because I find such guarantees for subversives unfair. I believe in a national district.

I'll give them another chance, a short, specific period, even the ELN. Three or 4 months at the most. If they do not accept, the law will be brought to bear against them.

[EL TIEMPO] The Barco administration's second piece of unfinished business is the reform of institutions. What are you going to do?

[Duran Dussan] I'm going to submit a draft constitutional reform that will amend Article 218 and call a National Constitutional Assembly or a plebiscite to do it. And I'm going to do it on inauguration day. I'm not going to wait.

I don't believe in special plebiscites or reforms born of political pacts because they run counter to the constitution. Therefore, Congress has to take charge of carrying out the reform.

[EL TIEMPO] There's a third matter, one that remains forever unresolved: the border dispute with Venezuela. What proposals do you have in this regard?

[Duran Dussan] To continue the policy of seeking an accord. This administration made headway, inasmuch as the conflict was put on ice. We have to follow this course.

[EL TIEMPO] But don't you think that all administrations have said the same thing and none has really addressed the problem?

[Duran Dussan] But dialogue is the only solution. I hope to resolve it during my term of office, but I won't set a definite deadline. Yes. We have been talking for a long time. But look at it from a positive angle. We've talked so much over the past 50 years that we've managed to exhaust almost all the issues.

[EL TIEMPO] Meanwhile, Venezuela continues to make exclusive use of the waters. Colombia is the one really interested in a settlement, because its corvettes are the ones that have to leave the disputed waters. Why are you so patient with Venezuela and so impatient with the guerrillas?

[Duran Dussan] Because the situation is very different. The guerrillas are outside the law. The dispute with Venezuela is between two countries each of which thinks it has rights. In this arena, diplomacy, you can't back the other country against the wall and say let's settle this now, in 2 months, or else we'll go to war.

[EL TIEMPO] Let's talk about the economy. What is your specific prescription for resolving the foreign-debt problem?

[Duran Dussan] I don't think that Dr Barco's strategy of taking out new loans to service the debt can be followed indefinitely, because we're going into debt to pay interest.

What must be urgently resolved are the problems of the public-service enterprises, which have debts in dollars, because the devaluation makes them bigger in pesos every day. The consequence: excessive rates and periodic hikes. The value of the debt in pesos has to be frozen, or a differential dollar has to be established.

I think that a solution like the Brady Plan for Mexico can be sought, with a cut in principal and interest.

[EL TIEMPO] You've also outlined a public-investment plan based on the concession system, under which the management and beneficial use of public works are handed over for long periods of time. To what extent is sovereignty being handed over when foreigners collect tolls for highways and tunnels?

[Duran Dussan] No, because all of this would, of course, be contractual. There are petroleum contracts, under which companies explore, discover, and develop with duly agreed upon prices and shares without impairing sovereignty.

What I think Colombia definitely has to do right now is undertake projects for its development, tunnels, viaducts, highways, with no real cost to the government and without increasing the debt. There are countries whose ambassadors want to meet with me.

[EL TIEMPO] Changing the subject, the current administration has not had a clear policy towards the United States. At times it seems obsequious and at times it tries to maintain its independence. What will a Duran administration policy towards the United States be like?

[Duran Dussan] I don't think that Colombia can accept any sort of imperialism. But we can have very good relations with the United States and improve trade with them. For example, I want to reestablish the Coffee Pact. I want an end to tariffs on flowers and to discrimination against Colombian products. I want them to really treat us like friends, and in return we will treat them like friends.

[EL TIEMPO] What concessions or what sort of treatment would behaving like a friend entail?

[Duran Dussan] In the entire conduct of our trade, in international exports, in everything that involves understanding and friendship between two peoples.

[EL TIEMPO] Friendship with troops and ships in national territory?

[Duran Dussan] In that case we would tell them no.

[EL TIEMPO] They also believe in unrestricted entry into airspace. Right now some of their planes are apparently flying over....

[Duran Dussan] I don't know. That's a decision for the current administration. If the government has given permission, that's its responsibility.

[EL TIEMPO] Would you give such permission?

[Duran Dussan] I don't know. I don't know what the circumstances will be like in the future, whether they'll ask for it or not. Whether we should or shouldn't. Why do you want to put me in a hypothetical situation that may be entirely unlikely?

[EL TIEMPO] You are calling for an international conference on drug trafficking. What you have not said is what proposals Colombia would bring to such a conference. Legalization maybe?

[Duran Dussan] Look, I haven't been in favor of legalizing drugs. I've said that production cannot be eradicated unless consumption is eradicated at the same time. I've said that there are ways: eradicate the coca crop through targeted, subsidized, cheap, long-term loans to replace coca leaves with rubber, cacao, African palm, tropical fruits, fine woods, etc.

[EL TIEMPO] Let's talk about the nomination. What would you think of a potential reemergence of the Samper-Gaviria axis?

[Duran Dussan] I expect to get the most votes, no matter what agreements the other hopefuls might enter into. And I trust the party, because I think that the Liberal Party will support the majority candidate, not the result of a coalition of minorities.

[EL TIEMPO] What do you think of the critics who have been saying over the past 2 weeks that you're the choice of the administration, of Minister Lemos, of Turbay?

[Duran Dussan] First of all, we must remember that I have not been a minister in this administration. The criticism is ill-intentioned. It is not true that the recently appointed governors are from my wing. Only the governor of Santander is a friend of mine. Moreover, Gaviria appointed the great majority of them when he was interior minister.

Turbay's objectivity is unassailable. The friends of the two that you call an axis would rather downplay my success by attributing it to partisanship.

[EL TIEMPO] What would you think of Turbay stepping in? Do you think that he has any such intention?

[Duran Dussan] I don't think that's possible, because he has always been the first one to rule that out. He must have no such intention. But of course I'm not his spokesman.

[EL TIEMPO] Speaking of former presidents, what do you think of a possible leading role for Lopez?

[Duran Dussan] I don't know what you're thinking of when you ask that question—whether the party convention could put him on the Liberal Directorate again or what. I don't think that he's ever thought either about being a former presidential candidate.

[EL TIEMPO] They say that you mark the end of a generational chapter in Colombian politics. How does it feel to be "The Last of the Mohicans"?

[Duran Dussan] The youngest one is not necessarily the best. I don't think that I'm "The Last of the Mohicans," because you've even inquired about the candidacy of two former presidents who are older than I am. You never know in politics.

[EL TIEMPO] What is your latest medical report like? How is your health?

[Duran Dussan] For the time being, the hopes of my enemies, who were counting on my being in poor health, have been frustrated. I have had an excellent recovery. I asked the doctors about continuing my campaign, and they gave me the green light. If they had told me no, in all honesty I would not have continued.

* Maza on Intransigent Posture With Traffickers

90ET0143B Bogota EL TIEMPO in Spanish
15 Feb 90 p 13A

[Interview with General Miguel Alfredo Maza Marquez, director of Secret Police, by correspondent Maria Cristina Caballero; place and date not given; first paragraph is introduction]

[Text] He is the top man in the war against the drug traffickers: the director of the DAS [Administrative Department of Security], Miguel Alfredo Maza Marquez. He is thus very interested in the summit meeting. His opinions on the issue which, being from the coast, he expresses forthrightly, also count. And they count heavily, because he knows his enemies so well that they have tried to do away with him more than once.

[EL TIEMPO] General, you've been deeply involved in this war. What do you expect from the drug summit?

[Maza Marquez] Specific accords that will enable the countries involved to work more smoothly together. The main thing is to neutralize narcoterrorism, to battle the infrastructure that has hurt us for almost a decade. To this end we urgently need comprehensive policies, teamwork. The second phase involves drug trafficking as a social, criminological phenomenon. Here we need cooperation all the way from Peru and Bolivia to the consuming countries like the United States. The consuming countries must take steps to make their efforts look convincing.

[EL TIEMPO] Do you think that the United States has acted convincingly or decisively in this field?

[Maza Marquez] I know that President Bush is interested in the battle, that drug traffickers are going to be given the death penalty. This is one of the most drastic decisions that can be made.

[EL TIEMPO] There may be a lot of laws, but we've never heard of any of these American capos being caught.

[Maza Marquez] Sure they have. Didn't we just see the mayor of Washington being arrested?

[EL TIEMPO] He was a user. I'm talking about key figures in the business, "capos."

[Maza Marquez] At least as far as we know in Colombia, no. The information may not be getting to us. Couldn't that be? I don't know why.

[EL TIEMPO] Are you in favor of the death penalty for drug traffickers?

[Maza Marquez] Legislation in the United States provides for it, and now that they've evaluated what drug trafficking means to them, I think that they're quite right.

[EL TIEMPO] Would you be in favor of having the death penalty for Colombian drug traffickers?

[Maza Marquez] The death penalty does not exist in Colombia, but if someone wants to amend the law because of the worsening violence, that would have to be discussed. I just enforce the law.

[EL TIEMPO] There have been rumors of a possible attack on Bush and of contraband missiles. Have you detected any signs of a plot?

[Maza Marquez] Absolutely not. I think that this is all speculation. Moreover, when the Medellin Cartel declared war on the State, they were already said to have that kind of missile, heavy armament. And Operation Cocorna proved that they didn't.

[EL TIEMPO] And what do you think about placing aircraft carriers inside Colombian territorial waters?

[Maza Marquez] I don't think they're needed. This is a very well-organized country that has very professional Armed Forces and intelligence agencies with a great deal of experience. The results show our efficiency, and I hope that they will respect the judgment of the Colombian authorities.

[EL TIEMPO] As for the DEA planes that have been flying over Colombia supposedly in search of laboratories, do you feel that they are absolutely necessary?

[Maza Marquez] The laboratories that have been detected so far are camouflaged amid undergrowth. So it's hard to locate them from the air. I personally don't see any reason for them.

[EL TIEMPO] And are the resources that the U.S. Government has offered enough?

[Maza Marquez] Well, President Bush has said that they were going to provide further resources. Let's wait and see what they're like. They should explain to us what they are.

[EL TIEMPO] General, what percentage, approximately, of the drug traffickers' infrastructure has been dismantled?

[Maza Marquez] That's hard to say, overall, but the Medellin and Cali organizations have been hit, and in 1 month "El Mexicano's" group has been 80 or 90 percent destroyed. We are working in Antioquia and the Cauca Valley in particular now. And notice that the people who used to bare their teeth while talking to us are now appealing to the law, to the justice system that they always disavowed. They used to kill judges who were trying to do their duty and now, ironically, they're appealing to judges to administer justice.

[EL TIEMPO] So there's optimism?

[Maza Marquez] Events have shown so. The day that we learned that "El Mexicano" was dead, there was not a single Colombian who didn't feel relieved. The other drug traffickers must have gotten the message. That was very important. There was a plebiscite, a carnival. People don't want any more violence.

[EL TIEMPO] Why do you think Pablo Escobar hasn't been caught? Do you know where he is?

[Maza Marquez] We think he's in Antioquia. We know that Escobar is in Antioquia. We assume that he's in Antioquia, because he feels somewhat safe in that department. In other words, he has his security force there. This, to an extent, is why we have not been able to locate him precisely and then capture him.

[EL TIEMPO] What do you think of the letter in which Escobar offers to hand over his infrastructure and supposedly surrender?

[Maza Marquez] I don't believe it. He's talked about a truce, never about surrendering. When Germany capitulated to the Allies, it didn't turn over its tanks or bombs; it surrendered. Who ever said that surrender begins with things? It begins with people.

[EL TIEMPO] In other words, no consideration has been given to accepting Escobar's offer.

[Maza Marquez] No. This is why the government said at the time: What surrender? Now then, if he does surrender to the authorities, that's different. But I haven't seen any surrender.

[EL TIEMPO] Do you believe in the good will that Escobar talks about in his messages?

[Maza Marquez] No, how am I supposed to believe that? I don't know whether a single Colombian believes that, after all they've done. It's too late, isn't it? The scars that we Colombians have can't be erased.

[EL TIEMPO] They seem bent on bringing about a change in public opinion. Do you think they can do it?

[Maza Marquez] Among Colombians, no. This is a nation of intelligent people. There's nothing stupid about Colombians.

[EL TIEMPO] There is a lot of suspicion about the release of the secretary general of the presidency's son. There were reportedly negotiations.

[Maza Marquez] We Colombians like to speculate and gossip, but we're not stupid. Don't you realize that?

[EL TIEMPO] But it's hardly believable that the drug traffickers would release him without getting anything in exchange.

[Maza Marquez] I'm not familiar with their strategy. But I am familiar with mine. I swore to uphold the constitution and the law. The day I don't feel that way, I'll leave.

[EL TIEMPO] So you can confirm that there were no negotiations?

[Maza Marquez] Not with me....Not with anyone that I can think of.

[EL TIEMPO] How do you explain, then, that they let Montoya's son go, just like that, when they've been so hard on so many other Colombians?

[Maza Marquez] Do you think that with one praiseworthy act they can change everything? No. Besides, they've collected fat sums of money from a lot of people

they've supposedly released and they harass others who've been rescued until they pay up. Where's the good will?

[EL TIEMPO] Some of Barco's statements gave the impression that the government was easing up on the drug traffickers.

[Maza Marquez] I haven't seen the government easing up.

[EL TIEMPO] What do you think of gestures like turning over the bus in Medellin with 1,000 kg of dynamite that was going to be used to kill candidate Cesar Gaviria?

[Maza Marquez] That it's not going to change our attitude and doesn't mean that the government and our institutions are going to stop fulfilling their obligations. We'll keep on fighting hard against narcoterrorism.

[EL TIEMPO] What's needed most to bolster the battle?

[Maza Marquez] The solidarity of many individuals and sectors that do not yet realize what sort of the battle this has to be and how far it has to go.

[EL TIEMPO] Which specific individuals and sectors are those?

[Maza Marquez] I don't want to be an accuser. Each person must examine his conscience. They have to know that in spite of everything Colombia is a strong State.

[EL TIEMPO] Really strong?

[Maza Marquez] Remember that after Galan's murder and the declaration of war, "The Extraditables" said that they had the infrastructure to battle the Colombian State for 2 years without a truce. Now they're singing a different tune. No one is above the Colombian State. They will have a very hard time destroying this.

Ecuador

* Government Committed To Reducing Inflation

* Borja's Reassurances

90ET0133A Quito HOY in Spanish 19 Jan 90 p 5A

[Excerpt] [Passage omitted] **Inflation**

Borja gave assurance that inflation will decline this year to 30 percent, and he admitted having been mistaken when he promised that he would reduce this level after assuming power. He attributed this failure to a lack of support from all of the productive sectors in the country.

"In fact, I proposed to reduce inflation to 30 percent. This was an ambitious goal, and I like ambitious proposals," the president said. He added that "I made an error of calculation, and this error was due to the fact that I believed all sectors would cooperate." Borja gave assurance that the productive forces which failed to cooperate with his plan caused a psychological effect which made it impossible to achieve the established goal.

The president also stressed the fact that the decline in inflation does not mean that prices will cease to rise, but rather that they will rise more slowly.

* Herrera on Strategy

90ET0133B Quito EL COMERCIO in Spanish 4 Feb 90 p 3

[Text] While housewives watch with anguish the continuing daily increase in the prices of basic goods, the government continues to be optimistic about future success in reducing inflation. It also proposes to achieve a rate of economic growth of about 3.5 percent this year.

Secretary General of Administration Washington Herrera maintained that in the first month of this year, inflation continued its downward trend, since it was at the level of 52 percent. It is hoped that in the coming months, the rate of the increase in prices will slow.

Knowing that inflation afflicts those on fixed incomes in particular, the regime has as its constant goal the control of this phenomenon.

Taking an optimistic view of the country's economic prospects, Herrera believes that the government will win the battle against inflation. However, he admits that the results achieved to date have been very limited, and that this scourge continues to afflict the poor people of the country.

The results of the battle against inflation area slow to be seen, because formulas which would entail an increase in unemployment have not been implemented, as has been done in other countries. In this connection, according to Herrera, it is better to maintain the level of employment and to continue with a gradual economic policy than to implement policies which will raise the unemployment and underemployment indices.

In order to slow the upward movement of prices of essential foodstuffs, the government proposes austerity, and plans to spend only what the fiscal resources will allow. The inorganic issuance of paper money by the Central Bank will be avoided.

We are going to implement, and in fact already have implemented, an anti-inflationary fiscal policy, because spending will be efficient and there will be no squandering of economic resources.

The foreign exchange and monetary policies will also continue to be conducted wisely and safely. An effort will be made to adapt devaluations to the results produced by other factors in the economy, and in no way will they be inflationary. Rather, they will serve to encourage national exports.

Credit and monetary policies will also have the battle against inflation as a background. On a parallel basis, incentives will be provided for food production through

a price policy which encourages farmers to continue cultivating the land. This would prevent supply shortages.

Other collateral measures in this government action involve the free holiday plan, strengthening such institutions as ENAC [National Enterprise for Warehousing and Marketing] and Enprovit [National Enterprise for Vital Products], and effective price control.

But Herrera insisted on a point which the government sees as fundamental. The battle against inflation is not solely the task of the government, but is instead something for which the businessmen and trade unions are jointly responsible. The businessmen must cooperate by ensuring that their profits are reasonable and continuous in time, and the trade unions must curb their eagerness for wage increases, "because when these demands are exaggerated, the rate of inflation is affected."

The battle against inflation must be a joint struggle in which all sectors are involved, in order to prevent this phenomenon from beginning to accelerate.

* Poll on 1992 Party Presidential Candidates

90ET0130A Quito VISTAZO in Spanish
25 Jan 90 pp 23-26

[Article by Carlos Jijon: "The People Choose: Candidates Are Born"]

[Text] If the presidential election were held tomorrow, and if the candidates were chosen on the basis of the citizens' preferences rather than those of the party officials, Sixto Duran Ballen would be the candidate of the Social Christians, instead of Jaime Nebot Saadi; Raul Baca Carbo would head the Orange ticket, instead of Andres Vallejo; Jamil Mahauad would have preference over Rodrigo Paz within the Popular Democracy Party (DP); and the candidate of a possible united leftist front would be General Frank Vargas Pazzos.

These are the conclusions derived from the Elections I poll designed exclusively for VISTAZO. The individuals interviewed were asked whom they preferred as a candidate for each of the political parties. This survey was carried out in the urban areas of Quito and Guayaquil between 23 November and 4 December. The following are the results.

Sixto Over Nebot

Where the Social Christian Party (PSC) is concerned, those interviewed were asked about three individuals—architect Sixto Duran Ballen, former mayor of Quito, former minister of public works in the government of President Camilo Ponce, and president of the National Housing Council under President Leon Febres Cordero; Jaime Nebot Saadi, who was governor of the province of Guayas between 1984 and 1988; and Heinz Moeller, a lawyer, former deputy, and government minister during the last year of the Febres Cordero administration.

A majority, 56.9 percent, favored architect Duran Ballen, as compared to 25.4 percent who chose Nebot, and 3.5 percent who chose Moeller. Perhaps this was due to the fact that Sixto Duran already has a presidential image on the national level because of his earlier electoral participation. In 1978, he reached the second round but lost to Jaime Roldos, and in 1988, he came in third after Rodrigo Borja and Abdala Bucaram.

Duran Ballen is the candidate most often chosen by upper-class young women in Quito, and the interesting thing is that this preference is maintained on all levels, both in Quito and Guayaquil, among men and women, in the upper, middle, and lower groups.

In Quito he swept the field, with 68.5 percent, while Nebot scored a mere 11.5 percent. One would expect that Guayaquil would be the strong point for Nebot. Wrong. Sixto outdid him with a 5.6-point advantage, 45.2 percent over 39.6 percent. As to social levels, Sixto is the man for the upper class (77.9 percent), but he also had a majority among the lower classes (50.7 percent). In reality, Nebot's strongest support is among the middle-class men in Guayaquil. Obviously, Moeller has not succeeded in winning a presidential image in any sector. While he is not affiliated with the Social Christian Party, he is assigned to that pigeonhole because of his constant appearances in that sector.

The Other Choice—Dahik

Alberto Dahik's unique status in the Conservative Party makes him the only choice as a presidential candidate for that party. He was the choice of 70.5 percent of those interviewed. Dahik, who was an economic adviser to President Febres Cordero, and successively president of the Monetary Council and minister of finance, is currently a national deputy for the conservative movement, in which he is, moreover, a leader.

However, Dr Edgar Teran, who was foreign relations minister, also during the preceding regime, was the preference of 12.6 percent of those interviewed for that party. The reason is that Dahik does not have the acceptance in Quito (62.5 percent) that he does in Guayaquil (78.7 percent).

Both Duran Ballen and Dahik are clearly regarded as representatives of the right wing. Duran Ballen is seen as more radical, with 58.2 percent of those interviewed placing him in that pigeonhole, while 42.5 percent placed Dahik there. The level of rejection of these parties is low, since only 8.6 percent of those interviewed said they did not want any Social Christian as a candidate, while 11 percent rejected the conservatives. The level of rejection of the Social Christians is high in the popular strata and almost nonexistent on the upper levels. The same is not true with regard to the conservatives since the highest level of rejection was seen in the upper class, which is identifying increasingly with the PSC.

Baca Over Vallejo

In the Democratic Left sector, the candidacy of Raul Baca Carbo was supported by 42.3 percent of those interviewed. Apparently the minister of social welfare, who served three times as president of the National Congress and once competed with Rodrigo Borja for the presidential candidacy, is preferred over Andres Vallejo, currently the minister of government and also a former president of the Congress, who was the choice of 21.9 percent. Other individuals mentioned were Minister of Education Alfredo Vera (8.1 percent) and Minister of Finance Jorge Gallardo (4.3 percent).

Baca's electoral support is found among middle-class men in Quito, mainly those between 33 and 50 years of age, but in general, he won over Vallejo both in Quito and Guayaquil among both men and women on all social levels and in all age groups. However, he does not have the same level of acceptance as Sixto Duran Ballen, since Baca did not reach the 50-percent level.

The possible explanations include the fact that the minister of government has been seen as too closely linked with President Borja, who is in the midst of a credibility crisis. The minister of welfare, on the contrary, has maintained a low profile, with few appearances and public statements.

What is ironic is that Andres Vallejo, a businessman in Quito's upper class, is seen by those interviewed as a man of the left—even more so than Raul Baca. Of those questioned, 40.8 percent believe that Vallejo is leftist, while only 38.0 percent place Baca in that category. This is the image he has, especially among the men of the lower socioeconomic class in Guayaquil. They regard both individuals as more leftist than center leftist, much less centrist. However, Vallejo appears to be seen as more radical.

An interesting percentage (14.1 percent), especially among upper-class women in Guayaquil, answered that they did not want anyone from the Democratic Left as a presidential candidate.

Mahauad Over Paz

Jamil Mahauad could again be the presidential candidate of Popular Democracy, since 56.2 percent of those interviewed chose him. He has no real challenger. Second place in the preferences went to the mayor of Quito, Rodrigo Paz, with a distant 20.2 percent, while the president of the National Congress, Wilfrido Lucero, obtained a tiny 7.8 percent. The national president of the DP, Vladimiro Alvarez, has no chance. Only 3.3 percent of those interviewed chose him.

Jamil is the preference of middle-class men in Guayaquil between the ages of 26 and 32, for whom the name of the mayor of Quito has no importance. However, Paz has support among the upper-class women in Quito.

Mahauad has an image as a center-leftist, which is how 35.1 percent of those interviewed see him. They are preponderantly middle-class men, both in Quito and in Guayaquil. Despite this, there is confusion among the lower-class women in Quito, since 18.4 percent believe him to be leftist, and 16.4 percent rightist.

Where Popular Democracy encounters the greatest resistance is among upper-class men in Guayaquil, of whom 11.2 percent stated that they do not want anyone from that party as a presidential candidate.

Bucaram or Adum?

The citizens in the Roldosist Party are in crisis, since 32 percent of those interviewed want none of its members as a candidate. However, and as was to be expected, the favorite is its highest-ranking leader, Abdala Bucaram, but with a very low percentage—26.7 percent. Abdala is preferred by the lower-class people of Guayaquil.

The real surprise is the turn of the tide for Alfredo Adum, the former prefect of Guayas and deputy for that province. He is favored by 24.2 percent, with only two points less than Abdala. In Quito, Adum is preferred over Abdala, and the same is the case among the women. This is interesting, in view of the fact that in the 1988 elections, Bucaram was the candidate preferred by the housewives.

The possible candidate eliminated is the mayor of Guayaquil, Elsa Bucaram, who won only 0.5 percent of the preferences in her own city. This is catastrophic, especially in view of the fact that the poll was completed some days before the tragic distribution of Christmas toys. However, she has some sympathizers among the Quito women in the popular strata (3.5 percent), which may be explained by the fact that she is not the mayor of their city. Nationally, she has an acceptance level of 2 percent.

The problem with Abdala, or his advantage, lies in the fact that no one knows in which ideological sector to place him. Of those interviewed, 22.5 percent viewed him as center-leftist and 20.3 percent as rightist, while those who placed him on the left and on the center were tied at 17.7 percent. And finally, in the opinion of 10.6 percent, he is center-rightist. He is a "heavy-duty" populist.

Duarte for the CFP

Within the Concentration of Popular Forces (CFP), things are clearer. If Angel Duarte is not the candidate, there is no one else. He was chosen by 66.2 percent, as compared to the highest leader of the party, Averroes Bucaram, who was preferred by only 8.1 percent of those interviewed.

The Left Wing

The leftist sector seems splintered and divided. Paradoxically, the leader is not an individual affiliated with any of the existing Marxist parties. He is Gen Frank Vargas Pazzos, from the ranks of APRE [Ecuadoran Revolutionary Popular Action], who was the choice of 37.8

percent of those interviewed. Vargas is preferred by the Quito citizens in the popular strata.

However, Leon Roldos, former vice president of the Republic, of the Socialist Party, appears as a major leader. Roldos is favored in Guayaquil, where he was the choice of 26.4 percent of those interviewed. Women, mainly those in the upper socioeconomic levels, like him.

The image of Frank Vargas as a man of the left has been successful—of those interviewed, 37.4 percent said so. This image is clearer among the upper-class people of Quito, while the upper class in Guayaquil sees him more as center-leftist.

The traditional Marxist leaders, Rene Mauge and Jaime Hurtado, did not come out well. Mauge (10.3 percent) has some support in Quito, but practically none in Guayaquil, and he finds greater favor with the upper class than among the workers.

Jaime Hurtado (9.1 percent), on the other hand, has almost the same level of supporters in Quito and Guayaquil, and he is most appreciated by the middle class.

Deputies in 1990

With regard to the next election, which will elect deputies this year, the public perception is that the Social Christian Party will win the most seats. This was the view of 31.1 percent of those interviewed. The Popular Democracy Party and the Democratic Left are vying for second place, according to the responses of 16.5 percent of those interviewed. The Roldosist Party ranks fourth, with 11.6 percent. This is due in particular to the almost nonexistent support in Quito. It should be explained that the poll did not ask about voting intentions, but about what those interviewed believe will happen.

In Guayaquil, for example, the largest number of those interviewed (43.1 percent) said that the PSC will win the most seats. The PRE [Ecuadoran Roldosist Party] came in second (19.3 percent), with the Democratic Left in third place (12.2 percent).

In Quito, on the other hand, those interviewed expressed the belief that the Popular Democracy Party will be the winner (24.6 percent). They gave second place to the Democratic Left (19.25 percent), and third place to the Social Christians (19.2 percent).

In Guayaquil, the DP ranked fourth (8.1 percent), while in Quito, the PRE won very little support (4 percent). No one believes that the Socialist Party, or the FRA [Alfarist Radical Front], or the Republican Party will elect a single deputy. Obviously, this question was only asked in Quito and Guayaquil.

Three Blocs

Broadly speaking, it is clear that three blocs have been formed—the right wing, the center-left, and the left wing. In the popular perception, the center-right is almost nonexistent.

The people see Duran Ballen and Dahik as representatives of the right wing. Standing alone in the center left is Jamil Mahauad, while the representatives of the left wing are Raul Baca, Andres Vallejo, and Frank Vargas. What about Abdala Bucaram? No one knows where to put him. He is clearly populist.

This is how the electorate sees the candidates. This is the image they have developed. These are the conclusions derived from Elections I. However, by 1992, anything might happen, although it is clear that the actors are already on the scene, and no guest stars are expected. Will a great right-wing front be formed with the Duran Ballen-Dahik pairing? Will it be confronted by another great leftist front headed by Vargas Pazzos? Will Abdala Bucaram return? Is it possible that the center-left will unite? We will have to wait and see.

[Box, p 26] Technical Data

The universe was made up of residents of Quito and Guayaquil 18 years of age or older.

The sampling included 400 persons who were interviewed. The entirely random sampling was stratified by socioeconomic level—upper, 17 percent; middle, 32 percent; and lower, 51 percent.

The field work was done between 23 November and 4 December.

The margin of error was 5 percent of the total sampling.

The poll was carried out by psychologist Gabriel Zambrano exclusively for VISTAZO.

* Electoral Court Rules on Ballot Format

90ET0131A Quito EL COMERCIO in Spanish 1 Feb 90 p 3

[Text] The Supreme Electoral Court [TSE] has decided to include the names of the principal candidates on the ballots for the multipersonal elections.

In this way, it has put an end to the argument provoked by the recent reforms of the Election Law, since according to some political sectors, this requirement had been eliminated.

As to the format, the TSE decided that the traditional form will be used. In other words, the lists will be divided by vertical lines and will be entered horizontally.

On the other hand, the president of the electoral body, Francisco Ramon, issued an appeal to the national directors of all the legally recognized political parties,

urging that they fulfill the legal requirements and be qualified to participate in the coming elections.

This appeal has to do with the requirement that the listings of the provincial leaders of the parties must be updated in the respective provincial electoral courts, so that they will be properly registered for the elections which are to be held this coming 17 June.

According to the provisions of the Election Law, the provincial officers are responsible for registering the slates of candidates who will participate in the election in question.

Ramon urged the political leaders to pursue the political campaign on a suitably high level, and in particular, to attempt to use economic and technical resources in the best possible way in order "to prevent this from being a dirty campaign on the moral and physical levels."

According to the most recent amendments to the Election Law, the political parties can apply to register candidates on the first working day after the convocation is issued. For the June election, the convocation will be issued on Sunday, 18 February, so that applications for registration can be filed beginning on Monday, 19 February.

The slate submitted by each party will be made known to all of the other political parties in the respective court jurisdiction. These other parties may challenge the candidates on the basis of failure to meet legal qualifications, duly proven by the proper documentation at the time the challenge is filed.

The political parties are allowed to exercise this right within the 4 days following the announcement of the slate.

In this connection, TSE member Patricio Bueno suggested that when it comes to choosing their candidates, the political parties should review and make a careful analysis of the norms established in this connection by the Political Constitution and the laws of the provincial and municipal governments.

He also asked the political parties not to leave the registration of their candidates until the last moment, because conflicts may develop if their slates are rejected, for some legal reason, by the respective provincial electoral courts.

* Conade: New Role, Restructuring Detailed

* Marchan on Reorganization

90ET0123A Quito HOY in Spanish 14 Jan 90 pp 1-A

[Text] In accordance with an order issued by Vice President Luis Parodi, the National Development Council (Conade) has created the offices of undersecretaries of Economic Planning and Decentralized Planning and Social Development.

It was also announced that there will be seven general directorates: Short-Range Planning, Medium- and Long-Range Planning, Decentralized Planning, the Coast, Social Development, Technical and Financial Cooperation, and Administration.

Cornelio Marchan, general planning secretary, noted that the reorganization stems from a desire to emphasize the role of planning as a tool of government, for which purpose it is necessary to carry out a process of modernization and institutional consolidation.

* Development Strategy

90ET0123B Quito EL COMERCIO in Spanish 26 Jan 90 p 1

[Text] Optimism reigns concerning the country's economic future. Economic recovery continues to be the government's main objective. The foundations have been laid for achieving this goal next year. Creating jobs and paying the entire social debt will be the immediate steps taken to achieve that purpose.

The crisis has not been solved but the worst is over. Officials say efforts have been made to restore order and get the economy back on its feet. Progress has been made in some areas. Having achieved stabilization generates optimism about seeing the economy grow at a rate of 3.5 percent this year.

In order to achieve such growth, it will be necessary to increase investments by at least 4 points. Domestic savings must also increase.

According to the planning secretary of the National Development Council (Conade), Cornelio Marchan, the new pattern of development to be established in the country must be based on our own resources, which implies greater domestic savings because the possibility of obtaining new credits is practically nil and not a government goal.

The foundations have been laid for application of a new model of international development, termed innovative, for it is firmly rooted on the ground and has all the required elements for development conceived in terms of current needs.

It will also be necessary to adopt mechanisms expanding domestic demand. It is important to utilize suitable employment and income policies.

Work has begun on drafting a Foreign Trade Plan to define the areas in which the country will specialize in the future and fields offering the best possibilities for exports.

The basic objective of this long-term strategy is to know what the Ecuador of the next 25 years will be like, thinking in terms of restrictions and opportunities on the international level.

The strategy to promote exports should envision a suitable, realistic exchange policy so that exports will not lose their competitiveness.

It is also necessary to have a proper tariff policy and, naturally, reform a system which in Marchan's opinion is now characterized by very scattered protection. "Tariffs have often been the result of political decisions rather than technical analyses, and what we want is to rationalize protection so that industry will become more efficient and competitive."

As part of tariff reform, modern technology will be incorporated into the entire production apparatus and national economy.

The export policy is a deliberate decision of the government aimed at transforming the economy. To do so it is important to achieve coordination between the private and government sectors.

* Long-Term Policies

90ET0123C Quito EL COMERCIO in Spanish 23 Jan 90 pp 5, 10-11

[Article by Luis Luna Osorio: "The National Planning System"]

[Text] The national planning system is made up of the National Development Council (Conade), its Office of Technical Secretary, three associated entities (INEC [not further expanded], CONACYT [not further expanded], and Fonapre [National Investment Feasibility Fund]) and all government agencies, whether under or independent of the Central Government, responsible for carrying out development policies approved by the president.

Conade's Current Functions

In accordance with Article 91 of the constitution, Conade's principal function is to plan the country's development and formulate the policies and economic and social plans which, once approved by the president, must be executed by and complied with by the ministers and entities in the public sector. Naturally, these plans and policies fundamentally influence private activity so that, without being compulsory, they become guidelines for the actions of enterprises of all sizes.

To date Conade has operated as an institution under the Executive Branch and been concerned with planning solely for the respective 4-year presidential term, which is actually cut to 2 when one realizes that the first year is spent planning and that during the last year policies have no practical application due to the disruption of the election process. In addition, legal enforcement of decisions cannot be handed down from one term of government to another due to the natural desire of every government official to place his own seal on action even if it runs along the same lines as that of his predecessor.

And yet, both the way in which planning is drafted and the period of time for which one plans appear to be limited and limiting in terms of the spirit of the constitution, which envisions something more far-reaching than what we currently have.

In the first sense, management of the organization by the only citizen other than the president who has acceded to his position by the will and decision of the people in two phases of selection gives Conade a position not enjoyed by any other government structure.

Likewise, participation in the National Development Council by representatives of organizations independent of the Executive Branch (the National Congress, provincial councils, municipal councils, institutions of higher education) and even independent of the government (production chambers, labor organizations) gives it a very broad and effective capacity for planning because it embraces all spheres of national life and can receive and transmit national and foreign information and decisions generated by and affecting the entire population.

New Function of National Development Council

In practice, it is extremely necessary for the country and its institutions to recognize the important and legally enforceable role of Conade in national life, for this instituution to assert its position as the very basis of the system of planning, and for its members, whether part of the Executive Branch or not, to utilize their ability to contribute to national planning, actively participating in preliminary consultations and the designing of short-, medium- and long-range development plans and policies in terms of defined national objectives.

As at the commencement of the two previous terms and perhaps with greater persuasion, this period of government marked the beginning of the acceptance of full enforcement of legal norms governing the role Conade must play. However, such a decision must constantly be enforced because the country's fate must always be guided by the law and move toward major long-term national objectives that have been set forth irregardless of other situations.

Development plans must be adhered to by all government administrative agencies and Conade should have the legal capacity to approve all necessary reforms because the adoption of any policy or the execution of any project not envisioned by plans could have a political, economic, or social effect on the national, regional, or provincial areas, sectors that produce goods and services, businessmen and workers' groups, and the balance established politically and technically when the plan went into effect.

Conade as Cornerstone of Planning

Conade's stature as the very cornerstone of the planning system must be ensured by four important actions:

The first is legal reorganization of the Council in order to ensure that it will be consulted by presidents of the internal, external, economic, and social fronts of the government and that the general planning secretary receives authority to technically oversee entities under Conade whose work is important to planning (INEC, Fonapre, and CONACYT), and oversee operation of the planning system on the national level.

The second is the startup of the national system to identify and follow up projects, making it continually possible to analyze the degree of application of the plan in effect and necessary changes.

The third is legal reform of provincial development committees, now totally inefficient as planning support agencies, in terms of the number and classification of members. Once this has been achieved, such committees should be organized throughout the country.

The fourth is the proposal that every year, preferably at the end of February, Conade organize a 3-day meeting from Friday to Sunday at which all government officials at the highest level, presidents of production chambers and financial entities, general secretaries of labor federations and representatives of major organizations such as the Consortium of Provincial Councils and the Association of Municipalities of Ecuador will be involved in order to evaluate the country's progress the previous year and discuss plans, programs, and projects in the most democratic fashion, selecting and sometimes discarding certain forms of action. This idea would be useful for instituting coordination at the highest levels as a routine practice and for mass dissemination of the meeting's conclusions.

Conade members should endow the organization with greater energy and vigor, constantly exercising the capacity to propose based on the research results of the entities represented. Regular Conade meetings should therefore be scheduled monthly instead of merely sporadically, as is now the case. The Council will then be informed of, establish priorities for, and approve the initiation of major projects requiring investments over a specific amount. The Council's president and general planning secretary should have authority to rule on what priority is to be given to smaller projects predefined annually in terms of the amount of the government budget. Finally, packages of measures or governmental measures that might affect compliance with existing plans should be revealed far enough ahead.

Conade and the Future

One of Conade's tasks is of the utmost importance to the Ecuador of the future. For every presidential term of office it must formulate long-term planning for the next 20 or 25 years.

This task should be viewed as the designation of a plan of action determined in the light of all available information and judgments made based on the scrutiny of major world, Latin American, and national events. In this way, ever more precise development goals would be set forth and long-range programs and projects defined whose execution would imply a general mobilization.

These major programs and projects could include promotion of the production of certain types of food, support for selected infrastructure and industrialization projects, improvements in education at all levels, the socialization of medicine, government concern for general social security for the elderly, preservation of our natural and cultural heritage, reforestation, the establishment of facilities for social tourism, free basic education as far as the ninth grade, research in specific fields, a substantial reduction in the housing shortage, international integration or cooperation in specific spheres, and the development of certain basic technologies.

Progress in these directions would imply a periodic revision of the development strategy, with logically established priorities based on the country's possibilities.

Proceeding in terms of long-range planning should be one of Conade's requirements and results should be presented to the National Congress every 4 years at the beginning of the third period of regular sessions of that organization so that Conade might enjoy the guidance of a government already 2 years into its term of office and, consequently, backed by experience in terms of what can and cannot be done. It will thus be somewhat independent in medium- and long-range terms from what that government's short-term goals are.

In light of these reflections, it is of great important and relevance to outline a long-term national development strategy, but its drafting should not involved sophisticated "econometric" models claiming to calculate the most minimal variation in any one of the macroeconomic indicators. Rather, the main lines of action should be formulated so that, when transformed into long-term national development objectives, they may guide all Ecuadorans in their future efforts.

Among these major national objectives I recently set forth five that seem to me to be basic. They are: correct, planned development, selective industrialization, regionalization based on deconcentration, beneficial multinational interdependency and integration, and social justice.

In order to move toward the prime objective, I suggest seeking a solution to the adjacent question: the rational development of natural resources, planned development of human resources, efficient enticement of domestic and foreign financial resources, exercising a true democracy, and planning international relations.

In order to move toward selective industrialization, I propose to expand accessible markets, seek specialization in manufacturing production, train all those involved in productive, administrative, and management processes, develop the stock market and other flexible financial tools, and have the necessary international mechanisms.

Regionalization vis-a-vis deconcentration should be sought by means of the rapid integration of natural regions, preservation of ecosystems, revision of political-territorial boundaries to provide economic rationality, deconcentration of productive activity, and an attenuation of the growth of Quito and Guayaquil by stimulating the development of intermediate cities.

Multinational integration and interdependency must be obtained by investigating potential foreign demand, the determination and creation of an exportable supply, selection of new projects for export, negotiation of coproduction and trade agreements, the establishment of production plants, and, together with other Latin American countries and the world with similar interests, the use of combined bargaining power.

Finally, the goal of social justice must be pursued by applying innovative policies involving community efforts, defining clear responsibilities of government and other sectors involved in the effort, and realizing that Ecuador cannot move forward if there is no continuous, combined effort of all its inhabitants.

Peru

Presidential Candidates Anticipate Runoff Vote

PY1903205290 Madrid EFE in Spanish 1531 GMT 14 Mar 90

[Report by Enrique Valls]

[Text] Lima, 14 Mar (EFE)—Center-rightist presidential candidate Mario Vargas Llosa today said that he will win the first round of the Peruvian elections, while his opponents are analyzing how to contest with him in a possible runoff election.

The debate focuses on whether there will be a runoff election, as polls currently show that support for Vargas Llosa is not higher than 45 percent. This percentage of electoral support will necessitate runoff elections since a winning presidential candidate needs the support of more than 50 percent of the voters. This situation has given hope to the other candidates, despite their claims that the polls are "false" or have been manipulated and can, at best, only serve as an orientation.

Ruling American Popular Revolutionary Alliance (APRA) candidate Luis Alva Castro claims that he will run against Vargas Llosa in the runoff elections.

The leftist sector is divided into the Socialist Left and the United Left, whose candidates are Alfonso Barrantes and Henry Pease, respectively. The leftist sector, only 24 days before the 8 April elections, has realized that this division has been a mistake. Now the two parties are demanding the resignation of the other party's candidate in an effort to agree and consolidate on a single candidacy. This objective, however, seems to be difficult; even before the split, the United Left could not agree on a single candidate.

Alva Castro, who believes that there will likely be a runoff election, said yesterday that he will not continue the policy of the current worn-out and unpopular administration, and will correct the mistakes that have been made. Alva Castro said that Vargas Llosa represents the oligarchy, while Barrantes—who pointed out the writer's arrogance—said that a runoff election will be very healthy for what he termed the authoritarianism of the writer.

Barrantes criticized Vargas Llosa's refusal to debate his opponents. He stressed that even though "Abimael Guzman—the chief of the Shining Path terrorist gang—is deaf, I am surprised at the fact that Vargas Llosa, who claims to be democratic, refuses to engage in a dialogue or debate, failing to realize that the extremely serious situation in our country calls for humility and dialogue." The leftist leader has called for a national political accord before the elections to establish agreements on general issues.

Vargas Llosa told a Peruvian radio station today that it is not true that the shock measures he is planning to implement will leave 1 million people unemployed, as Henry Pease charged yesterday. "This is nonsense; it is not true," Vargas Llosa said, adding that "we want to find jobs for the people left unemployed by the misguided policies of the incumbent administration." The Democratic Front (Fredemo) candidate also charged the government with "doing its best to leave chaos for the incoming administration."

The writer admitted that the overwhelming majority of his party's political propaganda, especially on television, "is counterproductive, and the ideas, which are the important thing, are not getting across because some of the advertising does not reflect the Fredemo platform." There is an unprecedented amount of political propaganda flooding Peru. The public is being subjected to much more political propaganda than during the campaigns for the 1980 and 1985 elections.

* Narcodollar Effect on Exchange Market Viewed

90ET0153A Lima CARETAS in Spanish 19 Feb 90 pp 40-41, 48

[Article by Manuel Romero Caro: "The Dollar Market"]

[Text] The growing impact that the parallel currency market is having on our economy has become clear. Financing sources for this market are both formal and informal. In the first group one finds that portion of export revenue that is freely available (or convertible) to exporters, revenue that is captured through the tourist industry, and overseas remittances. The second, and more important source of financing for the free market is comprised of funds originating from activities undertaken on the eastern slope of the Andes mountain range.

In terms of this second group, according to official estimates, the magnitude of the flow of dollars coming

from drug trafficking is somewhere between $600 million and $1 billion. Nevertheless, estimates by GESTION are more than double that amount. In terms of surface area planted in coca there is a great variance in estimates; some of them have been made based upon land potential, others on the availability of labor, or according to the quantity of inputs (kerosene) consumed, or through the method of aerial photography, etc. But everything seems to indicate that total hectares are between 180,000 and 200,000, of which more than 60 percent are in the Upper Huallaga Valley, the "ideal habitat" for coca cultivation, and where the highest levels of productivity are attained.

Using the most conservative estimates of planted area, average productivity, conversion factors and PBC [not further expanded] prices, a 1989 production value has been calculated at approximately $2.8 billion.

What Remains

Nevertheless, a significant volume of these resources are paid directly overseas, with only the portion corresponding to payment for inputs utilized in the production of PBC remaining in the country. It has been conservatively estimated that between 30 and 50 percent of the average cost of the inputs used are paid for domestically, making the total amount that would be paid for these goods reach somewhere between $840 million and $1.4 billion.

It is important to emphasize that the prices of domestic inputs (kerosene, sulfuric acid, lye, caustic soda, security, protection, etc.) are very much overvalued due to the fact that they are transacted in illegal markets, for which the prices in the formal market do not constitute a good reference point.

If to these values we add the amount paid for the acquisition of the coca leaves, we may conclude that the total value of the production that remains in this country is somewhere between $1.5 and $2.1 billion, figures that broadly surpass the official estimates and reveal the importance that narcodollars have gained in our economy.

In facing this problem, the different governments have over time assumed a dual position. On the one hand, together with foreign agencies, they have developed repressive programs designed to eliminate coca plantings, but on the other hand they have permitted free circulation of the revenue originating from drug trafficking.

One frequently hears opinions to the effect that funds coming from drug trafficking, from an economic point of view, play a positive role in our economy, in alleviating the magnitude of the recessive effects. Nevertheless, the negative effects of the narcodollars are not mentioned from an economic point of view.

These consist basically in undervaluing the rate exchange, thus decreasing the competitiveness of our exports. With coca production the highest profit activity, the rate of exchange is influenced, and is established at a lower level than would result if this illicit activity did not exist.

Inflation and Devaluation

The process of inflation and the devaluation of the free dollar over the last 19 years indicate that in only 7 years devaluation has surpassed the rate of inflation, despite the fact that the last 15 years have seen a continuous process of adjustment that has been an important reason for the scarcity of funds.

Nevertheless, changes over the last 5 years have perhaps been the most erratic. During this period there have been 2 years in which devaluation was greater than inflation, 2 other years in which the situation was reversed, and 1 year in which the 2 variables moved at a similar pace. During this period (1985-1989), other investments have seen greater change than the rate of devaluation; for example, stock market investments were greater in 3 of the 5 years than the revenue generated by devaluation. The acquisition of some goods has also followed this pattern.

Nevertheless, for many investors 1989 will be remembered as the worse year of the free dollar; in addition to the fact that the currency rate changed at a level equivalent to 57 percent of inflation during the year, it did so in a sporadic manner, in such a way that peaks, collapses, and stagnancies resulted in unpredictable forms.

As a result, in many cases the losses from currency holdings multiplied depending upon the moment in which the currency was acquired. The situation is most serious for the case of firms who, in addition to the alternative revenue that they ceased to generate, owed a tax of 35 percent on the meager foreign exchange gain.

The Devaluation Hiccup

In the current situation, the parallel dollar continues to have a stagnant rate, which means a contraction in real terms of approximately 28 percent during the first 45 days of the year. Nevertheless, despite this negative change, the free dollar experienced an exchange spasm between the 10th and the 13th of this month. In effect, just after the government's announcement about increasing liquidity in the system, a sharp jump in the exchange rate was produced, which in 4 days (from 10 to 13 February) climbed 24.2 percent.

Explanations given by some analysts, in the sense that the "hiccup" recorded in the exchange rate is explained by strong mistrust in the government's economic policy, is not satisfactory. It is evident that this was not the root cause of such a sharp devaluation of such short duration.

Let us be clear, it is evident that there is a deep and justified mistrust toward the economic policy of the government, and it is equally certain that this situation at some time will result in a significant devaluation in

the rate of the dollar. Nevertheless, it is not rational to state that mistrust was the reason for the climb in the dollar. Trust is not lost and regained in 72 hours.

The most logical explanation would be that it was a speculative maneuver by certain economic agents. From Thursday on, insistent rumors began to circulate that the government was going to effect a major devaluation of the MUC [Single Exchange Market—official exchange rate], and that the MEF [not further expanded] had decided to advance raises that the public sector and central government workers have been taught they would receive at the end of the month.

These "rumors," which as a consequence of the summit meeting of the presidents of Bolivia, Colombia, and Peru with the President of the United States, and their agreement to adopt repressive short-term actions against the coca plantations, which implies a decrease in the supply of dollars coming from drug trafficking, made the climate appropriate for speculators to proceed to artificially raise the exchange rate of the parallel market. Nevertheless, consider that the banking system, worried about illiquidity both in domestic and foreign currency, did not participate in this particular maneuver.

In such a speculative, unstable and intuitive market like that of Ocona and with a context like that described above, it is relatively simple, through small-volume transactions, to artificially raise the exchange rate. Under these circumstances there are some economic agents who become fearful and decide to acquire dollars "before they continue to disappear even more."

* Future of Leftist Regional Governments Viewed

90ET0153B Lima CARETAS in Spanish
19 Feb 90 pp 84-85

[Article by Fernando Rospigliosi: "Dangerous Liaisons: The Military and the Left in the Southern Regions"]

[Text] Two regional governments in the south, Arequipa-Puno and Moquegua-Tacna, are in the hands of the United Left. It is likely that a third, in the Inca region that comprises Cusco, Apurimac, and Madre de Dios, will be won by leftist radicals on 8 April. This poses several problems.

One of them is that it involves regions that have special significance for the Armed Forces. First, because they are maximum priority border zones. Leftists now govern regions that have borders with Chile, Bolivia, and Brazil. Second, because there is significant terrorist activity. Specifically, some emergency zones, such as several provinces in Apurimac, lie within these regions.

There are also zones that are not declared emergency, but where terrorist activity is intense, such as Puno or the high regions of Arequipa, and where the Army, although it does not directly intervene, could do so at any moment.

If the regionalization process continues to move forward, as it has been doing over the last few months, then unprecedented situations and some problems that are difficult to resolve will be presented.

For several years, the United Left has been proposing that the emergency zones be under the command of civilians rather than the military. Now a hybrid will be installed, since the regional government will have under its jurisdiction some provinces in a state of emergency that are under the rule of the Armed Forces—with the aggravating factor that the military regions do not correspond exactly to the regions recently created.

Under these circumstances, conflicts could be produced that end up damaging the regional power structure that is being attempted, and that would make difficult the development of the antiterrorist war.

Because the principal problem of the war in progress is the lack of linkages between the forces of order with the population, particularly with the poorest inhabitants of the zones in conflict. It is these upon whom the leftists have the greatest influence.

If cooperation is not produced between the people and the forces of order, what frequently happens is that those in uniform exercise indiscriminate repression, making themselves disliked by the inhabitants of the region and adding to the growth of the terrorist organizations they want to exterminate.

In some zones of the country a rapprochement has been produced between the forces of order and the people, and the results have been positive.

But generally there have been informal and unstable ties, depending largely upon the structure and the people who have decisionmaking power at any one time.

Now, with the existence of regional governments, the situation could change. It is supposed that these governments are going to have more real power than, for example, the municipalities that are another type of institution to which the leftists have access through the mechanisms of representative democracy.

What is required then is an institutionalization of the relations between the military and the leftists in the regional governments.

That is essential for the reasons given above, that is to say, because they are border zones with terrorist activity.

But it is predictable that there will be resistance on both sides. The leftists, often excessively ideological, could reject all contact with the Armed Forces and promote ties based primarily on "denunciation" and diatribe. The military, which frequently lumps together subversive groups and legal leftists in the same category, could commit the error of considering them a type of legal arm of the terrorists and treat them as enemies.

If that occurs, everyone would lose. Except the subversives.

The legal leftists, despite their ideology and their ambiguity with respect to democracy, fall within the system. What is more, over the last few years they have been converted into one of the favorite targets of the Senderistas [Sendero Luminoso members—Shining Path].

There are no irremediable difficulties for the necessary relations between the regional governments controlled by the leftists to develop smoothly. The mistrust and ideology are obstacles that can be overcome, if the will exists on both sides.

Because these relations are of mutual benefit. On the one hand, the military should have already learned that the antisubversive war is not going to be won with pure repression, no matter how brutal this may be. And that the legal leftists are a considerable political force, which they will have to accept even if they do not like them. And on the other hand, the leftists have to have realized that infantile crying does not accomplish anything. Particularly when they are no longer in the comfortable role of the opposition and occupy positions of responsibility.

If the leftists to not adequately carry out their duties in the regional governments they will be in a bad position. That occurred, for example, in Arequipa in 1980, when Dr Villalobos won the provincial municipality. The leftists did not know how to govern, they fought among themselves and the result was that even now they have not recovered the ground they lost.

It would be wise, then, for the leftists to play the best possible role in the regional governments. And to do so it is necessary, among other things, to maintain adequate relations with the Armed Forces.

Uruguay

Economy Minister Outlines New Economic Policies

PY1703042790 Montevideo Radio Carve in Spanish 0000 GMT 17 Mar 90

[Text] Economy and Finance Minister Enrique Braga delivered a speech on television tonight. He said that the government's new economic measures are aimed at changing the country's direction.

Braga explained the spirit of the economic measures drawn up by the economic team of Luis Alberto Lacalle's administration. Braga indicated that investment and production will increase if public accounts are balanced and if inflation is drastically reduced. This in turn will create general well-being. Braga added that the effort will be greater for those who have more and have greater possibilities.

He also said that the gains obtained by the workers will be respected, but he explained that efforts will be made to prevent workers from reporting higher wages in their last three years before retirement to get higher pensions.

[Begin Braga recording] Taking into account the current inflation level, the deterioration of salaries is much higher [words indistinct]. Let us take the example of a worker in the private sector whose salary was fixed at 100,000 pesos on 1 October. Taking the inflation rate from October to January, and the time it takes the worker to spend his salary, that salary is reduced to 89,400 pesos in the four-month average. In other words, the average inflation rate consumed 10.6 percent of his salary.

The housewives know very well how a salary increase is neutralized by the gradual increase of prices. When the inflation rate comes down as a result of the fiscal adjustment to be implemented, these gradual price increases will end. This is why the population is requested to make a great effort. This effort will be greater for those who have more and have greater capabilities.

It is very important to emphasize that the improvement of the low-income sector's living conditions is also part of the economic adjustment program. In this regard there are two instruments: the redistribution of expenditures for family allowances by increasing the benefit of workers, who are below two minimum salaries, by 50 percent, and an additional temporary salary for the low-income sectors. The first benefit will be for workers who are earning above four basic salaries, and the second benefit will be paid by international organizations; in other words, it will cost the state nothing.

Regarding public expenditures, this year we are going to start a real, unprecedented revolution in the country. This is the real solution to stop the added burden of higher taxes on the population. In return we are withholding the tax reduction on diesel fuel as of 1 January 1991, as part of a process for the general implementation of the value-added tax, by reducing the basic rate to 18 percent, 12 months after the law goes into effect.

Our decision to reduce public expenditures is quite firm because we are aware that the stability and prosperity of our country directly depends on that.

Regarding reforms in the pension system, we need to clarify that some reports on this issue have been inaccurate, because there was a false interpretation caused by the hasty reading of the draft law. First of all, we must say that the draft law does not change the situation of workers who have the right to retire, whether or not they are working over the next few months. In other words, all the rights obtained by the workers are respected. Second, regarding increasing the retirement age, all we are doing is adapting the law to conform to what is already being done in practice. For example, in the case of men, who can retire at age 60, the fact is that they are actually retiring at an average age of 64. We are proposing a retirement age of 65. The change will be made gradually; therefore, those who are close to age 60 will be able to retire before the age of 65.

Also, the argument, that older people will lose their jobs because younger people will take their place, is not necessarily true. We cannot view the number of jobs as a fixed figure; that in order to give a job to a youth we have to retire an older worker. The only solution is to create more jobs. In order to prove this statement I would like to mention the cases of young people, who after waiting for a vacancy, were forced to go abroad to try to find the job opportunities their country did not offer them. [end recording]

This is part of the speech delivered by Economy and Finance Minister Enrique Braga.